



सत्यमेव जयते

SOCIAL SECURITY

REPORT

OF THE

ESIS REVIEW COMMITTEE

1966

GOVERNMENT OF INDIA,
MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION
DEPARTMENT OF LABOUR AND EMPLOYMENT

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DEPARTMENT OF LABOUR AND EMPLOYMENT

COMMITTEE

CHAIRMAN :

Shri C. R. Pattabhi Raman, Minister of State, Law.

MEMBERS :

Shri R. Jaganath Rao, Minister of State, Labour, Employment & Rehabilitation.

Shri M. Bhaktavatsalam, Chief Minister, Madras.

Shri Bijoy Singh Nahar, Labour Minister, West Bengal.

Shri Shantilal H. Shah, Health Minister, Maharashtra.

Shri D. C. Kothari, All India Organisation of Industrial Employers.

Shri R. K. Parikh, Employers' Federation of India.

Shri G. V. Puranik, All India Manufacturers' Organisation.

Shri G. Ramanujam, Indian National Trade Union Congress.

Shri Bagaram Tulpule, Hind Mazdoor Sabha.

Shri G. V. Chitnis, All India Trade Union Congress.

MEMBER-SECRETARY :

Shri S. K. Wadhawan, Department of Social Security.



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CHAPTER I INTRODUCTION

Constitution of the Committee

The Standing Labour Committee of the Indian Labour Conference, at its meeting held at New Delhi, in October, 1962, recommended that a tripartite committee may be set up to review the working of the Employees' State Insurance Scheme. The Government of India, Ministry of Labour and Employment, accordingly, set up in June, 1963, the ESIS Review Committee under the Chairmanship of Shri C. R. Pattabhi Raman, who was at that time the Deputy Minister for Labour, Employment and Planning in the Central Government. The composition of the Committee was as follows:

CHAIRMAN:

Shri C. R. Pattabhi Raman, Deputy Minister for Labour, Employment and Planning, Government of India.

MEMBERS REPRESENTING STATE GOVERNMENTS:

Shri M. Bhaktavatsalam, Labour Minister, Government of Madras.

Shri P. K. Guha, Minister of State in the Department of Labour and Health, Government of West Bengal.

Shri M. D. Chaudhri, Minister for Public Health, Government of Maharashtra.

MEMBERS REPRESENTING EMPLOYERS:

Shri G. V. Puranik (All India Manufacturers' Organisation).

Shri Charat Ram (All India Organisation of Industrial Employers).

Shri R. K. Parikh (Employers' Federation of India).

MEMBERS REPRESENTING WORKERS:

Shri G. Ramanujam (Indian National Trade Union Congress).

Shri Bagaram Tulpule (Hind Mazdoor Sabha).

Shri G. V. Chitnis (All India Trade Union Congress).

2. The terms of reference of the Committee were:

"To review the working of the Employees' State Insurance Scheme and to recommend what modification or change in the structure and organisation of the Employees' State Insurance Corporation would be necessary to ensure more satisfactory functioning of the Scheme."

3. A copy of the Resolution of the Government of India, Ministry of Labour and Employment, No. 1(45)/62-HI, dated the 26th June, 1963, regarding the constitution of the Committee is at Appendix I.

Changes in Composition

4. The composition of the Committee underwent several changes from time to time. Consequent on the reconstitution of the

Council of Ministers in the States of West Bengal and Maharashtra, Shri Bijoy Singh Nahar, Labour Minister, West Bengal, and Shri Shantilal H. Shah, Minister for Public Health, Maharashtra, were appointed members of the Committee in January, 1964, in place of Shri P. K. Guha and Shri M. D. Chaudhri, respectively. Shri M. Bhaktavatsalam became the Chief Minister of Madras on the 1st October, 1963, but despite his heavy responsibilities with regard to the affairs of the State, he continued to be a member of the Committee. Shri Charat Ram, representing the All India Organisation of Industrial Employers, expressed his inability to serve on the Committee and tendered resignation from membership on 31st January, 1964. Shri D. C. Kothari was appointed to fill the vacancy with effect from 12th May, 1964.

5. Ministries of the Government of India were reorganised and a new Department of Social Security was established and placed under the charge of the Minister for Law and Social Security. The subjects pertaining to Social Security legislation including the Employees' State Insurance Act, Employees' Provident Fund Act, and Coal Mines Provident Fund Act, which were hitherto dealt with by the Ministry of Labour and Employment, were transferred to the Department of Social Security. The work of the Employees' State Insurance Scheme Review Committee was also likewise transferred from the Ministry of Labour and Employment to the Department of Social Security. Shri C. R. Pattabhi Raman, the Chairman of the Committee, assumed charge of his new portfolio as Deputy Minister for Information and Broadcasting with effect from 15th June, 1964, but he was requested to continue to function as the Chairman of the Committee. He has since been appointed Minister of State in the Ministry of Law.

6. The Government of India, Ministry of Health, suggested in April, 1964, that in view of the importance of medical services under the Employees' State Insurance Scheme, a representative of that Ministry might also be associated with the Committee. At its meeting held on 17th August, 1964, the Committee, therefore, decided to associate a representative of the Union Ministry of Health. The Ministry of Health, accordingly, nominated Dr. T. R. Tewari, Director, Central Government Health Scheme and Ex-officio Deputy Director General, Health Services.

7. In order to associate the Department of Social Security with the deliberations of the Committee, Shri R. Jaganath Rao, Deputy Minister for Law and Social Security, was also appointed a member of the Committee in November, 1964. Shri R. Jaganath Rao is now Minister of State in the Ministry of Labour and Employment and Rehabilitation. At the same time Shri S. K. Wadhawan, Secretary of the Committee, was appointed to function as Member-Secretary.

8. Representations had been received from the Employees' State Insurance Corporation Employees' Federation and from certain associations of panel doctors that their representatives should also be included in the tripartite committee. While it was not practicable to enlarge the Committee, these organisations were assured that they could give any memoranda or evidence and their views would

be taken into account at the time of formulation of the Committee's recommendations to the Government.

9. Although the Committee was constituted in June, 1963, and we held our first meeting soon thereafter on 28th July, 1963, it took sometime before the posts for the secretariat of the Committee could be created and the office set up. Several changes in the composition of the Committee in the first few months, as mentioned above, further retarded the progress of work.

Preliminary Work

10. Our terms of reference are very wide and include *inter alia* consideration of all aspects of the working of the Employees' State Insurance Scheme. The review, therefore, had to be of an exhaustive character and had to include in its purview all structural, administrative, and organisational matters impinging on the working of the Scheme. We also noted that the Government of India already had under consideration proposals for certain amendments to the Employees' State Insurance Act with a view to making the administration of the Scheme simpler, and eliminating, as far as practicable, lengthy and complicated formalities for drawal of benefits under the Act. The contribution and benefit structure of the Act was also proposed to be rationalised so as to simplify the working of the Scheme. We, therefore, decided that the amendments already proposed should be kept in mind at the time of making further recommendations on legislative changes which might be considered necessary. We understand that a Bill to amend the Employees' State Insurance Act has already been introduced in the Parliament.

11. We took note of the fact that the Scheme had been subjected to review once before in the year 1958-59, when Dr. A. L. Mudaliar was appointed as a one-man Committee to report on the working of the Employees' State Insurance Scheme. We were informed that many of the recommendations made by Dr. Mudaliar were being implemented.

12. The Ministry of Labour and Employment had set up in August, 1957, a study group on social security under the Chairmanship of Shri V. K. R. Menon, then Director, International Labour Organisation, India Branch. The report of the Study Group submitted to the Government in December, 1958, had recommended, *inter alia*, the integration of the Employees' State Insurance Corporation and the Employees' Provident Fund Organisation into a single agency and conversion of the provident fund scheme into a scheme of retirement-cum-invalidity and survivorship benefit alongwith gratuity. We have noted that the report of the Study Group is still under consideration of the Government of India and no final decision on its recommendations has so far been taken. The Report of the Study Group on Social Security was discussed in the Indian Labour Conference in October, 1961, and was again considered by the Standing Labour Committee of the Indian Labour Conference in October, 1962, when it was decided that action thereon might be deferred for a period of three years. The period

stipulated therein expired in October, 1965. We, therefore, felt called upon to make specific recommendations on this issue also.

13. We also noted that the Employees' State Insurance Corporation had set up a General Purposes Sub-Committee which examined periodically the working of the Scheme in different States and reported their findings to the Corporation and the State Governments for corrective action.

14. The first part of the terms of reference refer to the review of the working of the Scheme. In order to examine the actual functioning of the Scheme, knowing the reaction of the beneficiaries and eliciting the views of other interests concerned, we decided to issue a questionnaire to the organisations of employees and employers, the medical associations, the State Governments, the Ministries of the Central Government which are concerned with the subject and other bodies and individuals who might like to express their views on various aspects of the Employees' State Insurance Scheme. We also decided to study in consultation with the International Labour Office and the International Social Security Association, the organisation and administrative structure of social security schemes in operation in other countries with comparable social and economic conditions as also in countries with fairly well-developed economies, notably, the United Kingdom, Japan, Australia and New Zealand.

15. We could not, however, straight-away proceed with our work because of the frequent changes in the constitution of the Committee referred to earlier. The time available was, however, utilised by the Member-Secretary for visiting some of the States to discuss with the representatives of employers, workers and the medical profession and with the State Governments the scope of the enquiry and matters which should be covered in the Questionnaire to be issued, and to collect, for the use of the Committee, information regarding the peculiar problems of each area. Among the States visited during the period from August to November, 1963, were Maharashtra, Madras, West Bengal, Uttar Pradesh and Kerala. Informal consultations with the interests concerned, particularly the employers and employees' organisations and the medical profession, were fruitful. Many new ideas were thrown up during the discussions. These were incorporated in the Questionnaire to be issued.

Issue of Questionnaire

16. The second meeting of the Committee was held on 15th January, 1964, when the Questionnaire was finalised. In view of the wide range of our terms of reference, we considered it necessary to draw up a comprehensive Questionnaire. The Questionnaire was divided into nine parts, covering the administrative structure of the Employees' State Insurance Corporation, the scope of coverage under the Employees' State Insurance Act, the organisational set up, contributions, cash benefits, medical benefit, finance, audit and control, plans and procedures and general. It was decided that the respondents should be free to send

any additional memoranda or suggestions that they might like to make. With a view to providing an up-to-date background of the functioning of the Employees' State Insurance Corporation, it was decided to add two annexures to the Questionnaire—one containing a brief note on the working of the Employees' State Insurance Scheme and the other containing a summary of the proposals for amendments to the Employees' State Insurance Act already under the consideration of the Government of India.

17. The Questionnaire was printed in March, 1964, and copies were circulated immediately thereafter to the central organisations of employers and workers, ministries of the Government of India, State Governments, medical profession and the Employees' State Insurance Corporation, requesting them to send their views by 31st May, 1964. A clear six weeks' time was given to the respondents. A press note, which was widely advertised, was also issued inviting other associations, bodies or individuals, who were in a position to or who might wish to give their views on the Questionnaire, to send their replies within the time stipulated. In the forwarding letter appended to the Questionnaire it was mentioned that it was not necessary for any organisation or individual to answer all the parts or all the questions in a particular part, though we would welcome their views on as many of the subjects as they might wish to deal with. A large number of requests were received from associations, institutions and individuals from all over the country for supply of copies of the Questionnaire. The central organisations of employers and employees were sent sufficient number of copies for their constituents. In all about 6,500 copies of the Questionnaire were issued. A copy of the Questionnaire is at Appendix II.

18. As the Questionnaire contained many questions dealing with the application of the rules and regulations and administrative procedures in the working of the Employees' State Insurance Scheme and also dealing with the administrative and organisational aspects, we thought that it would be useful to have the views of the departmental officers and staff, particularly those deployed in the field, on the implementation of the Scheme, law, regulations and procedures and also of the unions and associations of the employees of the Corporation. To enable the departmental officers and staff to express themselves freely on various aspects of the administration of the Scheme, we requested the Employees' State Insurance Corporation and the State Governments to issue suitable instructions and assurances so that their officers and staff might send their replies to the Questionnaire direct to us without fear or embarrassment. We are glad to observe that when the State Governments and the Employees' State Insurance Corporation were approached, they readily agreed to issue necessary instructions and to give assurance to their staff and officers. As a result, many replies have been received from the officers and staff of the Employees' State Insurance Corporation and from the medical officers deployed on Employees' State Insurance work in the States. Needless to say valuable suggestions have been received from some of the members of the staff.

Study Abroad

19. The International Labour Office had earlier been requested to indicate a few countries, the legislation, contents and administration of whose social security schemes, the Committee might usefully study before finalising their recommendations. The International Labour Office advised that the study would produce useful results if it was carried out in the country in question. They said that there were aspects of various national schemes which offered worthwhile leads. The International Labour Office suggested first hand study of the Schemes in operation in the United Kingdom, the Netherlands, Sweden and Libya and offered a Fellowship of three months' duration to be financed out of the funds available from the United Nations Expanded Programme of Technical Assistance. We also felt that the study as proposed by the International Labour Office would be valuable for our deliberations and requested the Government of India to approach them for study tour facilities for Shri S. K. Wadhawan, Member-Secretary of the Committee. The intention was to utilise for a short study tour the period available between the issue of the Questionnaire and the receipt of replies. After obtaining clearance from the Government of India and after the completion of the negotiations for the award of a Fellowship from the International Labour Office, Shri Wadhawan left India in the last week of August and returned in the third week of November, 1964, during which period he studied the functioning of social security schemes in operation in the United Kingdom and Libya. His discussions with the Chief of Social Security Division at the I.L.O. Headquarters at Geneva were useful and informative. It is appropriate that we express our gratitude for the assistance rendered by the International Labour Office. We are also grateful to the Secretary General of the International Social Security Association for placing at the disposal of the Committee valuable documents dealing with the contents and administration of Social Security programmes all over the world and for including the secretariat of the Committee on their mailing list. Visits to the Netherlands and Sweden could not be made due to shortage of time.

Replies to the Questionnaire

20. Replies to the Questionnaire started coming in May, 1964, and by the end of the month 21 replies had been received. The central organisations of employers and workers and certain other organisations and individuals, however, requested for extension of the time by two to eight weeks for the submission of replies to the Questionnaire. As the Questionnaire contained large number of detailed questions covering different important aspects of the working of the Scheme and the examination of these questions and preparation of suitable replies would have taken considerable time, particularly, in the case of central organisations who had to assimilate and co-ordinate the views expressed by their constituents, the time for replies was extended upto 31st July, 1964. On individual requests further extensions were allowed in certain cases.

21. The Questionnaire evinced country-wide interest and the response was good. Nearly all important organisations and bodies have sent their replies. In all, the Committee received 232 replies to the Questionnaire, besides 46 written memoranda. A list of units/organisations and individuals from whom replies have been received is at Appendix III. The names of organisations/individuals who have submitted written memoranda to the Committee are given in Appendix IV.

Recording of Evidence

22. The third meeting of the Committee was held on 17th August, 1964, when it was decided that after the receipt and tabulation of the replies to the Questionnaire the Committee may visit selected centres in the country to examine the working of the Scheme on the spot and to record oral evidence from persons or organisations who had expressed a desire to appear before the Committee. There were two alternatives—either to split the Committee into Sub-Committees for purposes of visits to different areas or to visit them as a whole. We favoured the latter alternative although it was appreciated that it might not be possible for all members to be present at all the meetings. After the analysis of the views received on the Questionnaire, we started taking oral evidence from the beginning of January, 1965. During visits to different centres, we also inspected Employees' State Insurance installations and discussed with the State Governments concerned various problems brought to our notice.

23. During the period from January, 1965, to August, 1965, we visited the States of Madras, Kerala, West Bengal, Assam, Uttar Pradesh, Gujarat, Maharashtra, Andhra Pradesh, Mysore and Delhi. We could not visit the other States, but had the benefit of the views of the State Governments and of other representative bodies in those States through evidence tendered by them at Delhi and through visits by the Member-Secretary. Among the organisations, which gave oral evidence, were the affiliates of the central organisations of employers, workers and the medical profession. Evidence was also given on behalf of the Federation of the Employees' State Insurance Corporation Employees' Unions and several other organisations of employers and workers which are not affiliated with the central bodies. Evidence was tendered also on behalf of the State Governments, Departments of Health and Labour. A few officers of the Employees' State Insurance Corporation also gave evidence before the Committee with an emphasis particularly on the administrative and procedural aspects of the working of the Scheme.

24. While in Bangalore, we also had the benefit of the views of the Hon'ble Shri V. V. Giri, Governor of Mysore, who was actively associated with the Employees' State Insurance Scheme at its initial stages as Union Labour Minister. Before formulating our views, we also invited the Director General, Employees' State Insurance Corporation, for discussions. The evidence tendered by the Director General was as thorough as it was interesting and the meeting with him provided us an opportunity to have first hand information on several

points raised during oral evidence and in the form of memoranda received by us.

25. We visited 14 centres, held 28 sittings and heard 153 institutions, organisations and individuals. All those who so desired were heard in person. Many witnesses referred to individual cases of hardship caused to insured persons. We could not, for obvious reasons, interfere with the day-to-day working of the Scheme and had necessarily to content ourselves by referring such instances to the authorities concerned. A list of centres visited for oral evidence is at Appendix V. The names of organisations and persons who appeared before the Committee is at Appendix VI. A list of Employees' State Insurance Installations inspected by us is at Appendix VII.

Special Studies

26. The interval between the issue of the Questionnaire and receipt of replies was also utilised by us to study at first hand some of the major aspects of the working of the Scheme. The matters studied included, among others, the need for medical rehabilitation of disabled insured persons; hospitalisation of T.B. patients; system of purchase and dispensing of medicines and drugs, and delays in payment of bills of approved chemists and of capitation fee.

General

27. After concluding the oral evidence, in August, 1965, we held five sittings for formulating our recommendations on various issues. In all, fourteen meetings were held including the meeting held on 8th February, 1966, when we signed the Report.

28. The Government had not laid down any time limit for the completion of the work of the Committee. We had initially hoped that it might be possible to complete the work before the end of 1964. However, on account of the late start due to changes in the composition of the Committee, the delay caused in the receipt of replies to the Questionnaire and the complexity of the problems varying from State to State necessitating visits to more places than had been originally anticipated, the work took longer time.

29. The terms of reference were comprehensive enough to give us the opportunity of considering not only the rules, regulations, procedures and organisation of the Employees' State Insurance Scheme but also to go further to consider the wider application of social security principles to serve as an effective instrument for giving relief to all classes of wage earners. We considered the perspective plans, extension of the provisions of the Employees' State Insurance Act to sectors not presently covered under the Scheme and also the question of integration of all social security schemes into a comprehensive scheme under unified control during the next ten years or so.

30. We had naturally to confine our examination to major issues, leaving matters of details such as the staff requirements, procedure for day-to-day working, the layout of forms, returns and registers, and the type and manner of keeping records, to be dealt with separately.

CHAPTER II

HISTORICAL DEVELOPMENT OF SOCIAL SECURITY LEGISLATION IN INDIA

Much has already been written on the growth of social insurance concept in India and on the development of social security services generally, but no assessment of the present position could profitably be made without a brief review of the historical background and of efforts that have been made for the development and organisation of the social services in India over the past forty years or so.

2. It is a far cry from the situation which obtained in early twenties to the present day when a fairly extensive system of social insurance covering a variety of contingencies is functioning. There was then no provision for assistance for even common hazards of the life of a wage-earner. There was no provision for medical care if a worker fell ill or was otherwise disabled ; and there was no compensation for loss of wages during periods of interruption in his income due to unemployment, sickness, disability, maternity, old age or death. Even in the event of disability caused by "employment injury", no relief was available. The only statutory provision that existed was the Fatal Accidents Act of 1855, under which the heirs of a worker who died in industrial accidents could claim compensation if it could be established that the accident was caused by the personal negligence of the factory-owner. Non-fatal injuries were not compensable. Even the Fatal Accident legislation was not of much avail because of ignorance, illiteracy and poverty of the dependants of the deceased workers and the complicated legal machinery for enforcing payment of the claim.

3. The first World War gave a considerable fillip to industrialization in the country and there was an appreciable increase in the ranks of industrial workers. As a natural consequence, labour problems engaged the attention of the public and the Government. The International Labour Organisation of which India was also a member, set up standards for regulating employment in industry and for the protection of workers. In one of the meetings of the International Labour Organisation it was mentioned that amongst the civilised countries, India was the only country where no social security measures were in existence. The Government representative thereupon gave an assurance that steps would be taken to enact a legislation giving right of compensation to the workers in case of industrial accidents. Workers also started organising themselves and the trade union movement began to grow. Demands were made by the workers for improvement in their working and living conditions. Agitation by workers for protection led to industrial unrest and there was a wave of strikes in the country in the early twenties. It was during this period that serious consideration was given to the enactment of measures to provide compensation for disablement or death arising out of an industrial accident

or industrial disease. We notice here the beginning of governmental attention to social contingencies. As a first step, provision was made in the Factories Act (Indian Factories Amendment Act 1922) giving power to a criminal court to order the whole or part of a fine imposed in case of offence causing bodily injury or death, to be paid as compensation to the injured person or in the case of his death, to his legal representative. This naturally did not give much satisfaction to the workers.

4. The Government of India then examined the question of enacting the Workmen's Compensation Act on the model of similar British legislation. Local Governments were addressed on the subject in July, 1921. A great majority of the Local Governments generally agreed on the advisability of such a legislation. In July, 1922, a special committee was set up to consider the matter. The Workmen's Compensation Bill prepared in 1922, was largely based on the scheme drawn by this committee. The Bill was introduced in the Legislative Assembly in 1923, and it was passed in the same year. In many ways it may be stated that a beginning in social security legislation in India dates back to 1923.

Workmen's Compensation Act, 1923

5. The Act came into force on 1st July, 1924. Although it has undergone several amendments, with a view to widening its scope, coverage and quantum of compensation payable, during the last forty years, the essential features of the Workmen's Compensation law have remained unchanged. The Act protected workers earning upto Rs. 200 per month against employment injuries. Employments covered included, *inter alia*, railways, manufacturing industries, mines, shipping and building industry. The workers were entitled to compensation in case of personal injury caused by accidents arising out of and in the course of employment. There was a waiting period of seven days. Only incapacity lasting for more than seven days was compensable. No compensation was payable if the accident was caused by the worker having been under the influence of alcohol or guilty of wilful disobedience or of wilful removal of safety appliances, whether fatal or non-fatal. The disqualifications were, however, removed later in the case of fatal accidents. Accidents included prescribed industrial diseases also. The rate of compensation varied according to the monthly wage of the worker. Compensation for temporary disablement was paid at half monthly intervals and for death in the form of a lump sum. The permanent disablement benefit was also paid as a lump sum. The rate of permanent disablement compensation was in proportion to the extent of disablement assessed by a qualified medical practitioner. The Workmen's Compensation Act now covers workers upto a wage ceiling of Rs. 500 per month and the waiting period has also been reduced to three days, which also is applicable only in cases where the disablement does not last for more than 28 days. The rates of compensation have been liberalised.

6. The liability to pay compensation is entirely that of the employer and there is no obligation on the part of the employer to insure

his liability. This, as will be explained later, has been the weakest feature of this legislation. In the event of a heavy liability arising out of an accident, there is always a risk that the employer may not be able to discharge his liability. In spite of these shortcomings, the Workmen's Compensation Act has given valuable protection to certain classes of workers against hazards of industrial accidents.

Maternity Benefit Act

7. Maternity among industrial women workers was the second contingency to receive attention. While the Workmen's Compensation Act was an all India legislation passed by the Indian Legislature, maternity benefit legislation was passed by the State Legislatures under which women employed in factories were entitled to cash benefit at a daily rate ranging from half a rupee per day to full daily wage for 7 to 12 weeks. Some of these Acts also made provision for free medical care or a cash bonus ranging from Rs. 5 to Rs. 25 as contribution towards medical care for confinement. The Presidency of Bombay was the first to pass the Maternity Benefit Act, in 1929. The example of Bombay was soon followed by a similar legislation enacted by Central Provinces. The Royal Commission on Labour, in their report in 1931, expressed appreciation of these measures and observed "that the time is ripe for the introduction of legislation throughout India making maternity benefit scheme compulsory in respect of women permanently employed in industrial establishments on full-time processes". The Commission advocated a scheme of compulsory insurance to provide maternity benefit to women workers but were of the opinion that in the absence of a sickness insurance scheme, the operation of a maternity benefit insurance scheme would be disproportionately costly and, therefore, impracticable. The following decade saw the enactment of maternity benefit laws in the States of Sind, Ajmer-Merwara, Madras, Delhi, United Provinces, Bengal, Punjab, Assam and Bihar. The Government of India also enacted a maternity benefit legislation for Indian mines. The last State to have maternity benefit law was Orissa, which enacted the legislation, in 1953.

8. The Government of India have since enacted the Maternity Benefit Act, 1961, for providing a uniform benefit all over the country. The States are gradually adopting the Central Act. The benefits under the Central Act are substantially superior to the benefits under the State laws, both with regard to their quantum and duration, and provide for various contingencies which were not provided for earlier.

Employers' Liability

9. Both these measures, namely, the Workmen's Compensation Act and the Maternity Benefit Act, based as they were, upon the principle of employers' liability, fell short of the ideal of social insurance and as a consequence have failed to provide adequate security to the workers. The Workmen's Compensation Act which provided for lump sum compensation mostly to manual workers in factories against employment injuries, left much scope for improvement. There was no

provision for compulsory insurance of the employer's liability under the Act. The injured workers had also generally to make their own arrangements for medical treatment and this led to an unsatisfactory state of affairs. The workers had neither the means nor the resources to ensure medical attention and treatment. The system of lump sum payment under the Workmen's Compensation Act often did not serve the purpose it was intended to and led to much distress. It failed to provide a permanent source of protection even in cases of permanent disability or death due to employment injury.

10. As regards the maternity benefit, the position was equally unsatisfactory. There was no uniformity in the measures adopted in the various States. There was no provision for medical aid before, during or after confinement, and this was a serious deficiency. The responsibility for giving cash maternity benefit was placed on the employers and this, as has been referred to in many official and non-official reports, led to a tendency either to evade payment or not to employ married women or even to discharge women workers on pregnancy.

11. It was realised that these defects in the social security legislation of the country could not be dealt with by any patchwork of existing enactments. Even the provision of compulsory insurance of the employers' responsibility could not be considered a suitable alternative. The only desirable line of reform was to make workmen's compensation and maternity benefit as part of a scheme of social insurance.

I.L.O. Convention 1927

12. The question of health insurance first attracted the attention of the Government of India in 1928, in connection with the ratification of the Conventions and the Recommendations relating to health insurance adopted by the International Labour Organisation in 1927. The Government of India, however, after full consideration of the implications of such a measure and after consulting the Indian Legislative Assembly, came to the conclusion that the introduction of any comprehensive scheme on the lines of the I.L.O. Convention was not practicable in the then existing conditions in the country. The Government did not, however, entirely drop the matter but referred it to the Provincial Governments for advice. Many of the Provincial Governments set up special committees for examination of the proposal. The reports of these committees were, however, unfavourable in most cases. Though the Punjab committee favoured the establishment of a sickness insurance scheme, it did not suggest any administrative machinery for implementation. The Madras committee suggested a scheme of general provident fund to provide for sickness, unemployment, old-age, marriage, funeral rites and other contingencies. The Central Provinces committee was not in favour of any scheme of sickness insurance. The major difficulties pointed out were the problem of following the workers to their villages, arranging for adequate medical treatment there and providing for medical certification. It was also pointed out that the

workers did not have great faith in the modern system of medicine. Another important consideration was the administrative cost on the working of a scheme on a national or even provincial scale on modern lines. The Provincial Governments were generally hesitant in assuming financial responsibility involved in State assistance to any scheme of health insurance. They, therefore, advised against the introduction of a scheme requiring State participation.

Royal Commission on Labour

13. The problem was thereafter examined again by the Royal Commission on Labour which was appointed in 1929. It considered the earlier reports of the Provincial committees and examined the arguments advanced against the introduction of a sickness insurance scheme but came to the conclusion that "none of these arguments diminish the need of the worker for protection during sickness" and stated that the difficulties mentioned did not forbid the preparation of a suitable scheme. In its report in 1931, stressing the need for health insurance for workers, the Commission observed:—

"The question of making provisions for workers during sickness, even if it had not been previously raised by Government, would have been forced on us by what we found in every industrial centre. Of the great need of the workers for something of this kind there can be no doubt. By common consent the incidence of sickness is substantially higher than in western countries, the medical facilities are much less adequate and the wages generally paid make it impossible for most workers to get through more than a very short period of illness without borrowing. Indeed sickness is an important contributory cause of indebtedness, with all that debt entails under existing conditions for, often at this time of greatest need, the worker may find himself destitute of resources, unable to take proper measures to restore his health and in difficulties regarding even the means of subsistence. This situation calls for the exploration of all methods that may lead to the alleviation of existing hardships."

14. Though the Commission realised that the difficulties in the formulation of health insurance scheme for the workers were many and formidable, it attempted a broad outline of a tentative scheme and suggested that in the initial stages the scheme should be operated on an experimental basis and on the basis of single establishments. The Commission suggested that the morbidity and other statistics made available during the working of these experimental schemes could form a basis for framing a scheme for country-wide application.

15. The recommendations of the Royal Commission were examined by the Government of India in consultation with the Standing Advisory Committee of the then Labour and Industries Department. The Government of India also referred the matter to the Government Actuary's Department in London for advice. The Government Actuary suggested that an analysis should be made, over a period of at

least five years, of the experience as regards sickness and unemployment of a representative sample of the industrial population. He advised that the requisite statistics should be collected on specially designed 'experience cards' to be completed for each worker in the sample by a large number of employers in the country. The Government of India once again sought the views of the Provincial Governments on the proposed statistical enquiry. The replies received from the Provincial Governments were not encouraging even then and merely referred to the practical difficulties that might be encountered in the introduction of sickness insurance. The Government of India also came to the conclusion that the statistical enquiry recommended by the British Government Actuary would involve labour and expense out of all proportion to the probable value of the results. The matter was, therefore, dropped for the time being.

16. The Government of India, however, decided to pursue the idea of introducing in single establishments the schemes of the type suggested by the Royal Commission, at places where medical facilities could be made available by the Government, provided the employers and workers were willing to contribute. A fresh approach was, accordingly, made to the Provincial Governments in April, 1935. The Provincial Governments reiterated their earlier views that the statistical enquiry would be too costly and difficult and agreed that the suggestion for building a comprehensive scheme on actual experience of small schemes was a sounder method. They also pointed out that no experience whatsoever was available even for preparing an experimental scheme.

17. In 1937, the Government of Bombay issued a communique regarding its policy in respect of the industrial workers, in which it declared: "For the protection of the industrial population, Government visualise the development of a comprehensive system of social insurance." It also prepared a scheme of sickness insurance according to which every industrial worker was to be given the legal right to three weeks' sick leave with pay every year. The scheme was to be a contributory and a composite one covering not only the contingency of sickness but also enabling the worker to provide for his old age. The scheme, however, did not have any provision for medical benefits and therefore fell far short of health insurance measures.

The Bombay Textile Labour Enquiry Committee

18. The second step in the direction of sickness insurance was taken in 1937, when the Government of Bombay appointed the Textile Labour Enquiry Committee which submitted its report in 1939. The Committee formulated a sickness insurance scheme and recommended "that a compulsory and contributory sickness insurance scheme, in which the employers, the workers and the State will all contribute, should be started in Bombay and Ahmedabad in the first instance and extended subsequently to other cotton textile centres in the Province."

19. The scheme recommended by the Bombay Textile Labour Enquiry Committee was an important step forward in the direction of a comprehensive sickness insurance plan in as much as it suggested combining in the same scheme both cash and medical benefits and setting up of a single and unified fund under central control and recommended contributions from the workers, the employers and the Government. The idea, however, did not make much progress and the scheme was not implemented.

20. In the same year (1937) the United Provinces Government appointed the Cawnpore Labour Enquiry Committee which also discussed the problem of health insurance. This Committee was of the opinion that difficulties in the way of a sickness insurance scheme were not insurmountable and that such a scheme could be implemented without much risk. The Committee observed: "The (Royal) Commission have recommended a scheme of sickness insurance by the employers on a contributory basis by small deductions from wages of the workers. We unhesitatingly endorse that recommendation. There is no doubt that it could be worked." This Committee further suggested that the State may also subsidise such a scheme. The Committee thus gave good support to the efforts of the Government of India in the framing of a scheme of health insurance for industrial workers.

Bihar Labour Enquiry Committee

21. In the year 1938, the Bihar Government appointed the Bihar Labour Enquiry Committee in pursuance of a resolution passed by the Legislative Assembly of the province. Discussing the problem of sick leave, the Committee observed in unequivocal terms that "sickness insurance on contributory basis appears to us to be the most satisfactory solution of this problem and, indeed, of the whole problem of sickness."

Role of Organised Labour

22. It has to be noted that the labour movement which was growing in stature and effectiveness from early twenties was forcefully insisting on provision for health insurance schemes. They played an important part in the evolution of these schemes and were largely responsible for the setting up of labour enquiry committees.

Unemployment Insurance Scheme

23. During the period under review, attention was also given to the desirability of formulating a scheme of unemployment insurance for industrial workers. The Bombay Strike Enquiry Committee, which was appointed in October, 1928, while examining the causes for strikes gave thought to the problem of unemployment caused by introduction of efficiency schemes and the extent to which this could be met by an unemployment insurance scheme. They advocated a voluntary gratuity payment scheme. The Royal Commission on Labour had also referred to this matter and had expressed the opinion that an unemployment insurance scheme was not feasible in India, mainly because

the large labour turnover and the migratory character of Indian labour made the risk incalculable. The Cawnpore Labour Enquiry Committee also considered this question. It agreed with the suggestion of the Bombay Strike Enquiry Committee regarding the establishment of a gratuity scheme.

Old-age Pension and Contributory Provident Fund Scheme

24. Besides sickness, maternity and unemployment insurance, old-age pension insurance also received attention during this period. The Royal Commission on Labour considered the issue but concluded that "it was impossible to make provision for meeting every contingency in the life of workers", though it admitted the importance of the subject.

25. Two members of the Royal Commission, Shri N. M. Joshi and Dewan Chaman Lal, however, did not agree with their colleagues and recorded that the problem of making provision for old age was one which could not be deferred for a long time. They said that industrial life tended to break the joint family system; the connection with the village became loosened after a passage of time and the workers therefore had to pass through a difficult time in old age after they retired from their active work. They, however, recommended that until such time that a general scheme of old age pension or provident fund was framed, Government should, wherever possible, encourage employers by financial grants or by other means to institute schemes for grant of gratuity etc. The Cawnpore Labour Enquiry Committee also showed great interest in this matter and recommended a contributory provident fund scheme as a provision for old age.

The First Labour Ministers' Conference

26. As various Labour Enquiry Committees had forcefully advocated the need for introduction of health insurance schemes for industrial workers, the Government of India could not escape their responsibility in the matter. They brought up this subject before the first conference of Labour Ministers held at New Delhi in 1940. The conference gave some thought to the problem and concluded that the idea of a sickness benefit fund was appropriate and further action should be considered after the Government of India had ascertained how far employers and labour were willing to contribute compulsorily to the fund.

Employers' Conference

27. In September, 1940, a conference held in Bombay under the joint auspices of All India Organisation of Industrial Employers and the Employers' Federation of India, approved of the principles of the sickness insurance "provided that there was a tripartite contribution, legislation was made on all-India basis and made applicable to all important industries and government undertakings and that similar legislation was passed concurrently in all the Indian States".

Second Labour Ministers' Conference

28. At the Second Labour Ministers' Conference held in January, 1941, the atmosphere for discussing the question was more congenial. The attitude of all the parties concerned regarding the introduction of a sickness insurance scheme had considerably changed. The workers' representatives expressed their willingness to pay contribution, the employers sympathised with the idea and were prepared to contribute; the Provincial Governments recognised the need and the suitability of the occasion for the introduction of the scheme and the Central Government stated that it was not necessary to postpone consideration of the question till after the cessation of hostilities. The Government of India, therefore, decided that the preliminary actuarial examination should be taken up and that after such examination, a scheme should be evolved on the basis of contributions from the employers and the employees. It was, however, subsequently realised that no actuarial examination could possibly be conducted unless there was statistical data available. Data of this nature could not be secured unless a sickness insurance scheme had already been in operation for some time. It was a puzzle but a beginning had to be made somewhere. The Government Actuary was of the opinion that it would be better to frame and implement an actual scheme for selected industries on an 'intelligent guess' basis.

Third Labour Ministers' Conference

29. Accordingly, when the Third Conference of Labour Ministers was held in 1942, the Labour Department of the Government of India placed before the Conference for its consideration a tentative scheme of sickness insurance for factory workers. This scheme was of a very limited scope and was intended to serve as an experimental measure to provide the necessary statistical information which might form the basis of a fullfledged scheme later. It was decided that the scheme would in the first instance cover only cotton & jute textile and heavy engineering industry.

30. The Conference decided that even though the Government might not be required to subsidise the scheme, it should atleast give a "guarantee" of advancing a loan, in case the scheme at any time needed it. It was suggested that a small committee of experts, including an Actuary, should work out the details of the scheme. Later, however, it was considered expeditious to entrust the work of framing the scheme to one expert who should be assisted by the Superintendent of Insurance and a panel of advisers.

31. The renewed interest evinced by the Government of India in the framing of an actual scheme of health insurance for industrial workers was partly due to the publication of the Beveridge Report in 1942, in the United Kingdom; the Wagner-Murray-Dingell Bill in 1943, in the United States of America; and Marshal Plan in 1943, on social Security proposals in Canada. As every other country was planning for social security measures during the post-war period, the Government of India could not but take note of this important development in

the world outside. The question of health insurance could not be delayed any further. The story of the previous fifteen years makes sad reading. Most of the time was spent in eliciting the co-operation of various interests concerned and in deciding precedence between the morbidity statistics and the introduction of the experimental scheme.

32. Accordingly, the Government of India appointed in March, 1943, Professor B. P. Adarkar, a Special Officer to frame a scheme of health insurance for industrial workers. After a long series of efforts, covering a period of fifteen years, the Government at last took concrete steps for the formulation of a practical scheme of health insurance for industrial workers. Prof. B. P. Adarkar spent nearly a year and a half in the preparation of the Scheme which he submitted to the Government of India on August 15, 1944. While Professor Adarkar was working on the Scheme, the Government of India also appointed a Health Survey and Development Committee under the chairmanship of Sir Joseph Bhore to make "a broad survey of the present position in regard to health conditions and health organisation in British India and to make recommendations for future development". The appointment of this Committee was also a step towards the preparation for post-war development plans. The Committee had an Industrial Health Sub-Committee which considered the question of providing overall medical and health care to industrial workers. Professor Adarkar had the benefit of consultation with the Industrial Health Sub-Committee and he also sought the advice of employers' and employees' organisations and of the panel of Actuaries which was created specifically to assist him in connection with the financial structure of his proposed Scheme.

33. The Scheme prepared by Prof. Adarkar was to cover three major groups of industries, namely, textiles, engineering and minerals and metals. It was envisaged that all perennial factories in this group would be covered excepting those which were specifically exempted, viz., employment in armed forces, employment in public departments, and employment in public utility concerns where sick pay and medical facilities were not inferior to the corresponding benefits under the Scheme. It was envisaged that factories in sparse areas, where medical facilities could not be provided, would also be exempted. Professor Adarkar had suggested an upper wage ceiling of Rs. 200 per month and upper age limit of 60 years. The workers were to be classified as "permanent", "temporary" and "casual", depending on their length of service. The employer was to pay a uniform rate of contribution in respect of all of them. Only "permanent" and "temporary" workers were to contribute themselves. While "permanent" and "temporary" workers were to get cash and medical benefits, the "casual" workers were to be entitled to only medical relief. The Scheme was based on the following principles, which Prof. Adarkar considered fundamental:—

- (i) The Scheme must be compulsory ;
- (ii) It must be contributory as far as possible ;

- (iii) It must be simple, clear and straightforward from the point of view of those who will administer it, those who will pay for it and those who will benefit by it;
- (iv) It must not disturb the existing framework of labour legislation;
- (v) It must not be too ambitious in the beginning;
- (vi) It must be financially sound, economical in its working and as far as possible, actuarially balanced;
- (vii) It must minimise disputes and litigations and at the same time close all loop-holes for malingering, collusion and commission of offences;
- (viii) It must be workable in the peculiar circumstances of Indian labour and industry;
- (ix) It must, as far as possible, be in conformity with the I.L.O. Conventions;
- (x) It must not be allowed to be burdened with the financial responsibilities which properly belong to other measures of social security; and
- (xi) It must be flexible, leaving sufficient scope for subsequent alterations and extensions.

34. Professor Adarkar was of the view that certain measures were necessary to keep down the incidence of sickness and to prevent the Scheme from being saddled with burdens legitimately belonging to other branches of social insurance. He, therefore, emphasised the need for simultaneous adoption of schemes of (a) unemployment insurance; (b) old-age pensions; (c) measures, like regulation of wages, rigorous enforcement of factory laws, education in health, and improvement in environmental hygiene.

35. Professor Adarkar was of the view that medical service organisation under the health insurance scheme should be fully controlled by the insurance institution itself and should not be entrusted to an outside authority or State Government. He felt that correct and reliable certification could be secured only under an undivided scheme and a medical service controlled directly by the health insurance institution could be expected to make special and constant efforts to reduce morbidity incidence by taking necessary preventive measures. He also thought that the development of industrial medicine would be possible only if the medical service was under the control of the insurance institution.

36. In his general recommendations, Professor Adarkar referred to the provisions for maternity benefit and for industrial injury benefits to the workers in factories. As regards maternity benefits he observed "I feel there will be considerable advantage in having a scheme of insurance for maternity benefits on all-India basis and affiliating it to the present scheme." Suggesting the inclusion of employment injury benefit, he remarked: "I am of the opinion that the present Workmen's

Compensation Act should be scrapped and replaced by a scheme of insurance against industrial disability, covering both industrial accidents and disease. This is necessary not only in the interest of workers (liable to accident and industrial disease), but also in the interest of solvency of the present scheme which is closely inter-related to the subject matter of the Workmen's Compensation Act, both in regard to medical treatment and payment of cash benefits. It is a superficial view which considers that the two are separate and naively suggests that the Workmen's Compensation Act should be left where it is". He, therefore, made a strong case for merging maternity benefit laws and the Workmen's Compensation Act with the health insurance scheme and for framing a unified and integrated system of health, maternity and employment injury insurance.

37. Professor Adarkar also prepared about the same time a scheme of maternity insurance for mines labour in India and a scheme of social insurance for seamen.

38. While efforts were being made to formulate schemes of social security, the tripartite Indian Labour Conference recommended that the Central Government should immediately set up a machinery to investigate the questions of wages, employment, housing, and social conditions generally, and that, as soon as possible, after receipt of the required statistics and other data, it should appoint a mixed committee to formulate complete social security plan for India. In pursuance of this resolution, the Government of India appointed a Labour Investigation Committee in February, 1944, under the Chairmanship of Mr. D. V. Rege, I.C.S. The Committee worked for a period of two years and made a large number of comprehensive surveys regarding labour conditions. The report of the Committee was submitted in March, 1946, but it is surprising that despite great emphasis on social security that was placed in the terms of reference of the Committee and in the resolution of the Government of India, the Labour Investigation Committee occupied itself largely with the general labour problems and made only brief and casual reference to social security measures.

Stack and Rao Scheme

39. Before taking any action on the report of Prof. B. P. Adarkar, the Government of India thought it fit to obtain expert opinion. It requested the International Labour Office to depute some experts to examine the Scheme prepared by Prof. Adarkar. Accordingly, Messrs. M. Stack and R. Rao, were deputed by the I.L.O. to advise the Government of India. These experts studied the Adarkar Plan and suggested certain modifications in the light of social insurance principles and practices adopted in other countries of the world. They agreed with the fundamental principles enunciated by Prof. Adarkar in respect of coverage of contingencies and financial participation of the State and suggested the adoption of an integrated scheme covering sickness, maternity and employment injury. The I.L.O. experts also studied the administrative set up of the Adarkar Plan and made several valuable suggestions regarding the simplification of administration for securing

economy, convenience and efficiency. The chief modifications suggested by them were:—

- (a) Separation of the administration of medical and cash benefits ;
- (b) Integration of maternity benefit and workmen's compensation in the health insurance scheme ; and
- (c) Extension of the Scheme to all perennial factories covered by the Factories Act and also to non-manual workers.

40. While Prof. Adarkar recommended that the medical services under the scheme should be the responsibility of the insurance institution itself, at least to start with, Messrs. Stack and Rao pointed out that since the appointment of Health Survey and Development Committee, the whole question of the organisation of the medical benefit seemed to call for a new approach. They anticipated that as a result of the Committee's recommendations, greatly increased facilities for medical care and public health would be provided in all parts of the country. They argued that if the Provinces decided to extend their medical and health services and agreed to the co-ordination of such services on a national system, it would be difficult to justify the establishment of a separate medical organisation by the Health Insurance Institution. Messrs Stack and Rao, were, however, careful to warn that if "the control of medical benefit under the scheme of health insurance is assigned to the medical services of Provincial or State Governments, the health insurance fund would require positive guarantees of the efficiency of these services in the administration of medical benefit and we have indicated a form which these guarantees might take". These guarantees were that the State Governments would bear about 2/3rd of the cost of the medical benefit and cost of additional cash benefit over and above the normal expected rates and were thus to be financially penalised if their medical officers were lax in certification or gave occasion for malingering so that morbidity figures went beyond the normal.

Employees' State Insurance Act, 1948

41. The Adarkar Plan and the suggestions of the I.L.O. experts emerged finally in the form of the Workmen's State Insurance Bill 1946, which was passed by the Dominion Legislature in April, 1948 as Employees' State Insurance Act, 1948. This was the beginning of social insurance for industrial workers in India.

42. This Act is distinguishable from the two earlier ones on four counts. First of all, it introduces the contributory principle. Secondly, it provides protection against sickness which had not been covered earlier. Thirdly it replaces lump sum payments by pensions for long term benefits and lastly the liability for claims has been placed on a statutory organisation *viz.*, the Employees' State Insurance Corporation.

Other Measures of Social Security

43. While the Employees' State Insurance Scheme provides for medical relief, sickness cash benefit during the period of sickness, maternity benefit for female workers and employment injury benefits, it

leaves out an important contingency namely protection for old age. A beginning in the direction of making some provision for old age was made in 1948 itself, when the Government of India enacted the Coal Mines Provident Fund and Bonus Schemes Act which, *inter alia*, instituted a compulsory scheme of provident fund for the benefit of workers in Coal Mines. In 1952, a similar legislation, namely, the Employees' Provident Fund Act was enacted for the benefit of employees in other establishments. The scope of this Act has been widened from time to time. It now applies to more than hundred industries several of which are of non-manufacturing nature and covers employees in these establishments employed on wages not exceeding Rs. 1,000 per month. Although there is no unemployment insurance scheme yet in existence, provision exists in the Industrial Disputes (Amendment) Act, 1954, to provide for unemployment relief in case of retrenchment and lay-off. Other legislative measures which provide protection in certain contingencies are Coal and Mica Mines Welfare Funds Act, Plantation Labour Act and Assam Tea Plantation Provident Fund Schemes Act. It may, however, be pointed out that only the Employees' State Insurance Act, Coal Mines Provident Fund and the Bonus Scheme Act and the Employees' Provident Fund Act can be regarded as measures of social security, in the normally accepted sense. The other enactments place the liability directly on the employers, and are at best only measures of statutory relief.

CHAPTER III

GROWTH AND DEVELOPMENT OF THE CORPORATION

The Employees' State Insurance Act was passed by the Indian Parliament in April, 1948. The Government of India constituted on 1st October, 1948, the Employees' State Insurance Corporation, under the Chairmanship of Shri Jagjivan Ram, the then Union Minister for Labour. The Corporation was formally inaugurated on 6th October, 1948 by Shri C. Rajagopalachari, the then Governor General of India. On the same day, the Corporation elected from amongst its members, a Standing Committee to administer the affairs of the Corporation. The Corporation is composed of the representatives of the Central Government, the State Governments, the employers, the employees, the medical profession and the Parliament. The Standing Committee also has representatives from all these interests. The Government of India also constituted at the same time the Medical Benefit Council to advise the Corporation and the Standing Committee on all matters relating to the provisions of medical benefit under the Act.

2. The Government of India appointed in the middle of 1948, a Director General. He was assisted by an Actuary and a small nucleus of other staff. Later, the appointment was made of a Medical Commissioner, the Chief Accounts Officer and an Insurance Commissioner. The Corporation had to set up a country-wide organisation to provide benefits even, in the first instance, to cover about 20 lakh workers working in about 9,000 factories all over the country. Experienced personnel was not available. Slowly the Corporation built up a small team of qualified officers to complete, both at the headquarters as well as in the field, the preliminary work necessary for the implementation of the Scheme. Arrangements were also made for the training of the officers and staff, for accommodation for offices and other allied matters.

Rules and Regulations

3. The Act contained the barest outline of the Scheme with particulars of the contributions and benefits set out in the appended schedules. The details were left to be filled in by means of statutory rules and regulations. This delegated legislation was bound to be voluminous judging from the fact that in regard to nearly 60 different matters power had been given in the Act to make rules and regulations. A large amount of spade work had, therefore, to be completed before the scheme could be put into operation in the country.

4. The Central Government notified the Rules for which they had the responsibility. The State Governments were given a model set of Rules for constitution of the Employees' Insurance Court etc. and for provision of medical benefit in their States. Similarly, the Corporation made Regulations which deal mainly with the operational matters

relating to the registration of employees, collection of contributions and payment of cash benefits.

Procedures

5. Other matters which engaged the attention of the Corporation were those relating to the drafting of the rules of business, procedures for payment of contributions and drawal of benefits, and adjudication procedure for appeals before the Employees' Insurance Court.

System of Medical Treatment

6. The Corporation decided that while the allopathic system of medicine should be the main one to be followed for providing medical treatment, indigenous systems of medicine should also be provided where there was a substantial demand from workers and where qualified doctors for indigenous systems were available. It was appreciated that a considerable proportion of insured persons had more faith in the indigenous systems of medicine, as in Kerala, which it was believed, might also, in the long run, prove cheaper for the organisation. Another consideration was that if medical facilities were to be extended to the very large rural population, it would be necessary to adopt some type of indigenous treatment and the Corporation's attitude on this subject would give considerable fillip to research and encouragement for qualified men in the indigenous system.

7. Another decision taken by the Corporation was that the panel system for providing medical treatment through the services of private practitioners should be tried side by side with the full-time service system. Serious difficulties had been faced in searching for accommodation for dispensaries etc. for the pilot scheme in Delhi and Kanpur. It was realised that if the Scheme was to be extended quickly all over the country, it would not be possible to depend only on service system, as it would necessitate a large building construction programme. It was also felt that if medical treatment facilities were to be extended to villages and to sparse areas at some future date, service system would be costly and the Corporation might have to depend, at least partly, on panel system. It was, therefore, decided that panel system should be tried even in the earlier stages of the Scheme. As regards the standard of medical treatment, the Corporation had to decide on the nature of medical facilities, particularly with regard to hospitalisation, provision of surgical aids, ambulance services, and specialists services etc. that should be provided by the State Governments under the Scheme.

Administrative Arrangements

8. Another problem which engaged the attention of the Corporation was of printing and supply of various types of forms and stationery for use in the offices of the Corporation, by the employers and by the employees insured under the scheme. Decisions were taken regarding the types of records to be maintained, the manner of identification of

the insured persons, the allotment of insurance numbers and the manner in which the employers had to maintain their records in order to facilitate the payment of contribution and drawal of benefits by insured persons. Material was prepared for training of the officers and staff of the Corporation and of the officers and staff of the employers. Arrangements were also made with the State Bank of India for maintenance of the accounts of the Corporation and for sale of contribution stamps.

Organisational Set-up

9. The Corporation approved a working plan on organisational set up which took into account the nature and the extent of the work involved in providing medical and cash benefits under the Scheme. It was estimated then that the Corporation had to collect weekly contributions in respect of about 20 lakh employees from about 9,000 employers all over the country. While bulk of the insured population was concentrated in a few urban areas, a significant number was also scattered in areas in mofussil districts and in comparatively small units. The Corporation expected to receive, ultimately, about 20 lakh of new sickness benefit claims and about 4 lakh industrial injury claims annually. The income was estimated to exceed Rs. 11 crores, a substantial part of which was to be paid back in the form of cash benefits.

10. Sickness insurance depends on a contingency which is not always apparent on the face of it like the loss on account of fire or accident, etc. and therefore it may be possible to make a false claim. An effective machinery had, therefore, to be devised for checking possible abuse. The contributions were based on the estimate that sickness per insured person per year would not exceed a certain number of days. It was estimated that with insured persons numbering about 20 lakhs, the cost to the Corporation would be about Rs. 30 lakhs for every additional day of average sickness over and above what was assumed under the scheme in the Act. The Corporation, therefore, decided that for an effective control, the administration of the Scheme and particularly the operation with regard to checking of claims and payment of benefits should be completely decentralised. The organisational plan provided for setting up of about 250 local offices in the industrial areas all over the country, each under the charge of a manager, to receive claims, scrutinise the title to benefit and to make the payment. Local offices were to be grouped into regions, each region placed under the control of a Regional Office under the charge of a Regional Director. Overall supervision, financial and administrative controls and the work of issuing detailed instructions were to be centralised at the Headquarters.

Phased Programme of Implementation

11. The implementation of the scheme in any area required great deal of preparatory work including the survey of industrial concentration, the spread out of existing medical facilities, the location

of local offices and dispensaries and provision of personnel and equipment etc. It was realised that it was not possible to introduce the scheme in all the States simultaneously. The Corporation, therefore, decided to introduce the Scheme initially in Delhi only as a pilot measure. There were two reasons for it—one that delays due to difficulties encountered by State Governments might be avoided as Delhi was a centrally-administered area and secondly, some experience might be gained before country-wide application of the Scheme. Efforts to implement the Scheme in other States were also continued. The Government of Uttar Pradesh reported, in early 1950, that they were also ready to implement the Scheme in Kanpur and desired that the Scheme might be introduced in Kanpur at the same time as in Delhi. A phased plan was drawn up by the Corporation according to which the Scheme was to be implemented in Delhi and Kanpur in July, 1950 and in other industrial areas in stages by 1952. All arrangements had been made for the introduction of the Scheme in Delhi and Kanpur in the middle of 1950. Local offices and dispensaries had been set up, staff had been trained and posted, doctors had been appointed. Just before the Appointed Day, the employers in Kanpur represented that the application of the Scheme only in some areas would place industry in those areas at a competitive disadvantage. Government of Uttar Pradesh supported the viewpoint of the employers and suggested giving up of the plan for phased implementation. The validity of the objection could not altogether be questioned and the Government of India started search for a solution which might satisfy all interests concerned. After a great deal of thought it was decided to amend the Act and to provide for distribution of the liability of the employers in the implemented areas over employers all over the country. This was done in the shape of transitional provisions introduced in the Act in 1951, under which the employer was to pay a special contribution in lieu of the contribution specified in the schedule. Powers were given to the Central Government to fix the rate of contribution by notification. Accordingly, the Government of India prescribed employers' special contribution at $1\frac{1}{4}\%$ of the total wage bill in the case of employers in implemented areas and at $\frac{3}{4}\%$ of the total wage bill in the case of employers in non-implemented areas, the difference of $\frac{1}{2}\%$ was intended to cover the cost of employment injury and maternity benefits, which in the implemented areas, would be the responsibility of the Corporation. The scheme was implemented in Kanpur and Delhi to cover about 1,20,000 factory employees on 24th February, 1952. This, however, did not affect the employees' contribution which was payable in accordance with the original schedule.

12. The revised programme envisaged the coverage in the entire country by the middle of 1954. The time-table was: August, 1952—Punjab; January 1953—Greater Bombay and Bangalore; July, 1953—Madras, Calcutta, Nagpur and Jabalpur; October, 1953—Ahmedabad, Sholapur, Agra, Coimbatore, Asansol and Burnpur; January, 1954—remaining places where the insurable population was 5,000 or more; July, 1954—all other centres where the number of workers was below 5,000.

Progress of Implementation

13. Considering the large amount of preparatory work that had to be done before the introduction of the scheme in any area, particularly in the matter of setting up of adequate machinery by the State Governments for providing medical care facilities, shortage of medical and para-medical personnel, shortage of trained and experienced staff, difficulty in acquiring suitable buildings and equipment and delays which are inevitable when there is excessive government control, the programme drawn up by the Corporation was, perhaps, not realistic. It was, therefore, not surprising that the progress of implementation was slower than anticipated. In 1952 and 1953 the only addition was the coverage of 30,000 workers in a few industrial towns in the Punjab. At that time difficulty also arose about the fixing of the State Governments' share towards the cost of medical care. An agreement was finally reached in early 1954, that the State Governments shall bear only $\frac{1}{4}$ th of the cost of medical benefit. The agreement with the panel doctors regarding the capitation fee and the terms of their service was also finalised about the same time and the progress of implementation was thereafter fairly rapid for some time. The Scheme was implemented in Nagpur in July, 1954, and in Greater Bombay in October, 1954 and covered by then a total of about 6,50,000 industrial workers.

14. The delay in the progress of implementation appears to be largely due to lack of sufficient enthusiasm on the part of some of the State Governments. There were, no doubt, difficulties regarding the acquisition of suitable premises for the dispensaries, the arrangement for medical and para-medical personnel, procuring of equipment, making arrangement with the hospitals for indoor treatment, and settling of terms with the panel doctors, but most of these difficulties could perhaps have been anticipated and steps taken to overcome them. On many subjects, there was triangular correspondence between the Corporation, the Central Government and the State Governments and there was delay at every stage. Even the first essential formality of creation of an administrative machinery and appointment of an Administrative Medical Officer for the work was not completed in some States for several years. The duality of functions in the State Government perhaps largely added to this delay. The State Governments were represented on the Corporation through the officials of the Labour Department, either a Labour Secretary or a Labour Commissioner, while the planning and organisation with regard to the administration of medical benefit had necessarily to be through the Health Directorates under the control of the Department of Health of the State Government. Unless there was complete co-ordination and liaison between the two Departments, the progress could not be fast enough.

15. On the other hand, the criticism against the Corporation was mounting that the progress of implementation was extremely slow. Employers in non-implemented areas started protesting against the payment of employers' special contribution for an indefinite period without any corresponding benefits to their employees. The Corporation at that

time drew up a control chart indicating in chronological order, the steps that the State Governments had to take for completing preparatory work before implementing the Scheme in any area, starting with the survey of industrial population and culminating in the functioning of the medical arrangements. Similar control chart was drawn up to provide guidance to the Corporation itself. The charts indicated clearly the time within which a particular stage of work had to be completed before the Appointed Day. Copies of the control chart were issued to the State Governments and were kept with the Regional Offices of the Corporation. This measure helped to a considerable extent in rationalising the work of implementation in the States. The progress, during the year 1955, was as follows :—

January, 1955	Madhya Pradesh	Gwalior, Indore, Ujjain and Ratlam to cover about 60,000 industrial workers, and
	Madras	Coimbatore to cover about 50,000 industrial workers.
May, 1955	Andhra Pradesh	Hyderabad & Secunderabad to cover about 16,000 workers.
August, 1955	West Bengal	Calcutta city and Howrah district to cover 2,50,000 workers.
October, 1955	Andhra Pradesh	A few more towns to cover about 16,000 workers.
November, 1955	Madras	City of Madras to cover about 50,000 workers.

Thus, by the end of 1955, the Scheme had covered nearly 50% of the then estimated total industrial population in the country. The activity generated in the State Governments made this progress possible.

16. During the years 1956 to 1963, the Scheme had been extended steadily to new areas bringing the total coverage to 19,84,000 as on 31st March, 1963. By then, the only State in which the Scheme had not been extended in any area was the State of Gujarat. The year 1964 marked a considerable advance by bringing in about 2,90,000 workers in the District of 24-Parganas in West Bengal and about 2,50,000 in Ahmedabad in the State of Gujarat, where extension was held up for reasons which are discussed later. Besides these two major areas, the Scheme was extended to a few other centres in other States in the same year covering about 45,000 workers. The Scheme covered by 31st March, 1965, a total of 28,80,400 industrial workers in 15 States all over the country. Among the major industrial areas which is still left out is Jamshedpur in Bihar. The Government of Bihar is reported to be completing arrangements for implementation of the Scheme in Jamshedpur. Appendix VIII gives the progress of the extension of the Scheme State-wise.

17. The delay in the implementation of the Scheme according to the phased programme was mainly due to the slow progress in the provision of medical benefits. Administration of medical benefit under the Act is the responsibility of the State Governments. There is a constant lag between the resources of the State Governments in the matter

of medical personnel and necessary finances and their responsibilities in regard to the provision of medical benefit to the general public. They could not do any better for the insured persons under the Scheme which form only a fraction of the total population of the State. The Corporation thus found itself helpless to extend the Scheme in accordance with its own schedule. The serious bottle-neck in the arrangements for medical care facilities in the States was the inadequacy of hospitals and specialists' services. There being considerable over-crowding in the State hospitals, the setting apart of beds for the use of the insured persons was difficult. The only alternative course was to add to the size of the hospitals by constructing additional wards or annexes or to construct separate hospitals for the exclusive use of the insured persons. Both these operations were time-consuming as they required detailed consideration regarding financial arrangements, siting and acquisition of land, preparation of plans and estimates and completion of construction work of some magnitude.

Extension of Medical Benefits to Families

18. Soon after the Scheme was implemented, the insured persons started demanding extension of medical benefit to their families. The Corporation at its meeting held in December, 1952, recognised, in principle, the need for extension of medical benefit to families of insured persons and desired that the matter might be referred to the State Governments and its financial implications also examined. The proposal to extend medical care to families was later placed before the Labour Ministers' Conference in 1958, when it was decided that families of insured persons should also be given medical facilities under the Scheme and hospitalisation provided to them as soon as possible. It was recommended that the State Governments' share of the cost of medical care on extension of medical benefits to families should be reduced to 1/8th of the total expenditure during the Second Five-Year Plan period after which the position should be reviewed. Accordingly, the Corporation decided to reduce the States' share to 1/8th. This has continued during the Third Five-Year Plan period and the Corporation has decided to continue this arrangement during the Fourth Plan period also.

Delay in Extension

19. The shortage of hospital beds and the insistence on the extension of medical benefit to families of insured persons, simultaneously with the extension of the scheme to the workers, were the two main reasons for delay in the implementation of the Scheme in the districts of 24-Parganas and Hooghly in West Bengal and in Ahmedabad in Gujarat. The working of the Scheme in other areas was greatly criticised on these two counts. It was also complained that the absence of suitable premises for dispensaries in service areas and shortage of medical and para-medical staff was largely responsible for unsatisfactory medical arrangements in areas where the scheme had been implemented. In panel areas, the main criticism was with regard to inadequate and

unsatisfactory arrangement for indoor treatment and inadequacy of diagnostic centres and specialists' services. Many of the workers themselves in major industrial areas of West Bengal and Gujarat, where the Scheme had not been implemented, put up resistance to the implementation of the Scheme till its major defects had been removed. The Government of Gujarat and the employers organisations there also joined the workers' organisations in their demand for setting up of adequate and satisfactory administrative machinery and for provision of out-door treatment to the insured persons and their families, before the Scheme was implemented.

20. Accordingly, plans were drawn up for construction of about 42 dispensaries for out-door treatment in Ahmedabad, in addition to a general hospital and a T.B. hospital. The selection of suitable sites, the acquisition of land through acquisition proceedings, the preparation of plans and estimates and the execution of the construction work was necessarily a slow process. It was only by about the middle of 1964, that about 37 dispensary buildings were completed in Ahmedabad and the scheme was started there in October, 1964. Even then only workers living in the outskirts of the city are provided medical treatment through service system. Those living in the walled city area are provided medical treatment through panel system. In West Bengal, workers agreed to the implementation of the Scheme in 24-Parganas, only after the Scheme had been extended to the families of insured persons in the already implemented areas of Calcutta and Howrah and after a few hospitals had been constructed for the exclusive use of the insured persons. Much the same reasons are responsible for delay in the implementation of the Scheme in Jamshedpur area where the workers are already in receipt of medical facilities at the installations belonging to their employers.

I.L.O. Mission

21. As the plans and procedures were being drawn in the year 1952, the Government of India requested the International Labour Office to provide a team of experts under the United Nations Technical Assistance Programme to advise the Government on the administration of the social security scheme and to assist in the promotion of an appropriate training programme. The I.L.O. Mission which comprised of three experts from the United Kingdom, Messrs. Ian Robertson, R. L. Briggs and F. B. Hindmarsh, were in India for a period of about six months in 1952-1953. They examined the out-line of the social security apparatus that was proposed to be put up by the Corporation and suggested a large number of modifications in the procedures and the legislation to enable attainment of the objectives of the Act. They also drew up for the training of the Corporation officers and staff, a detailed programme and actually trained a few officers at the middle level to act as instructors.

22. Some of the suggestions made by the I.L.O. experts were adopted by the Corporation in the very beginning. Others were made use of later after gaining some more experience.

Complaints and Suggestions

23. In a nation-wide scheme of the magnitude and size of the Employees' State Insurance Scheme, complaints and criticism from various sources had to be expected. It must be said to the credit of the organisation that the Corporation has been taking notice of all complaints, criticism, suggestions and problems reported or made to them from time to time and they have tried to solve and smoothen out, as many of these as possible, by means of administrative instructions and amendments to the Regulations. The large number of amendments to the Regulations which go before the Standing Committee and the Corporation at nearly every meeting is *inter alia* an evidence of the desire to meet every situation which creates difficulties in the smooth functioning of the Scheme. Many problems, however, could not be satisfactorily resolved without amendment to the Act. In an effort to sort out some complicated and administratively irksome provisions of the Act, the Corporation conducted an examination of the Act in its entirety and made certain suggestions for amendments in the year 1961. They include change in the contribution and benefit structure of the Act and the conditions for drawal of benefits. The modifications should simplify the working of the Scheme and should lead to economy in administrative expenses. Efforts have been made to make the Scheme easily understandable and to facilitate quick service to insured persons for whose benefit the Act was framed. Summary of the amendments proposed by the Corporation has been included in the Questionnaire as Annexure II. These amendments which, as has been stated above, were approved by the Corporation in the middle of 1961, were the result of its experience over a period of ten years or so. They have now been introduced in the Parliament as Employees' State Insurance (Amendment) Bill, 1965. The proposals, as we have mentioned earlier, are likely to simplify the working of the Scheme considerably and are likely to result in substantial savings in administrative costs.

24. As would be evident from this brief history of the growth and development of the Employees' State Insurance Corporation during the last 17 years, the work has not been easy. The Corporation had to build up an organisation for which there was not much previous experience. By and large, the Employees' State Insurance Corporation have performed this difficult task well.

CHAPTER IV

COVERAGE UNDER THE EMPLOYEES' STATE INSURANCE ACT

Scope

The Employees' State Insurance Act extends to the whole of India except the State of Jammu and Kashmir. The Act authorises the Central Government to fix different dates for different provisions of the Act and for different States or for different parts thereof.

2. The Act applies, in the first instance, to all factories (including factories belonging to the Government) other than seasonal factories. The terms 'factory' and 'seasonal factory' are defined as follows :

The term "factory" means any premises including the precincts thereof where twenty or more persons are working or were working on any day of the preceding 12 months, and in any part of which a manufacturing process is being carried on with the aid of power or is ordinarily so carried on but does not include a mine, subject to the operation of the Indian Mines Act, 1923, or a railway running shed.

The term "seasonal factory" means a factory which is exclusively engaged in one or more of the following manufacturing processes, namely, cotton ginning, cotton or jute pressing, decortication of groundnuts, the manufacture of coffee, indigo, lac, rubber, sugar (including gur) or tea or any manufacturing process which is incidental to or connected with any of the aforesaid processes.

3. Further, the Act states that the expressions 'manufacturing process' and 'power' shall have the meanings respectively assigned to them in the Factories Act, 1948.

4. The Act empowers the 'appropriate government' to extend its provisions or any of them to any other establishment or class of establishments, industrial, commercial, agricultural or otherwise. The appropriate government has, however, to consult the Corporation and where the appropriate government is a State Government, to take the approval of the Central Government and also to give six months' notice of its intention of so doing by a notification in the official gazette.

5. The expression 'appropriate government' means, in respect of establishments, under the control of the Central Government or a railway administration, or a major port or a mine or oil field, the Central Government and in all other cases the State Government.

6. The power of extension of coverage has not so far been availed of either by the Central Government or any of the State Governments. The Act is, thus, at present, limited to factories as defined above.

7. The Act is also limited in its scope in regard to the employees in these establishments. It does not apply to any member of the Indian

Naval, Military, or Air Force, or to any person employed on a remuneration which in the aggregate exceeds Rs. 400 a month. The Act, however, does not make any distinction between a manual worker and a clerical employee so long as he is within the statutory income ceiling of Rs. 400 per month.

8. The term 'employee' has been defined as "any person employed for wages in or in connection with the work of a factory or establishment to which this Act applies and

- (i) who is directly employed by the principal employer on any work of, or incidental or preliminary to or connected with the work of, the factory or establishment, whether such work is done by the employee in the factory or establishment or elsewhere; or
- (ii) who is employed by or through an immediate employer on the premises of the factory or establishment or under the supervision of the principal employer or his agent on work which is ordinarily part of the work of the factory or establishment or which is preliminary to the work carried on in or incidental to the purpose of the factory or establishment; or
- (iii) whose services are temporarily lent or let on hire to the principal employer by the person with whom the person whose services are so lent or let on hire has entered into a contract of service."

Extension of Coverage

9. We considered the question whether the scope of the Act should be widened with a view to cover certain categories of establishments to which it is not applicable at present. The important consideration which we feel ought to be borne in mind is that since the resources of the Corporation, financial, administrative and technical, are limited, any over-ambitious planning for expansion may prove self-defeating. Hence priority must be given to extending the scheme to those groups of workers who have no protection at all at present rather than trying to cover those sectors which have some measure of protection even if it is not quite adequate.

10. The term 'factory' under the Act excludes all those establishments where less than 20 but more than 10 persons are working, even if the establishments carry on the manufacturing processes with the aid of power. It also excludes all non-power factories employing 20 or more persons which are covered under the Factories Act, 1948. In the oral evidence tendered before the Committee as well as in the replies to the questionnaire, the views expressed were generally in favour of the enlargement of the scope of coverage and emphasis was on amending the definition of the term 'factory' to bring it in line with the definition in the Factories Act, 1948. The Employees' State Insurance Act followed the definition in the Factories Act as it existed in 1946, and no change was made when the Factories Act itself was amended in the year 1948, and its scope was extended. With the emphasis at present on small scale industries, there are a large number of industrial

units which use power and employ between 10 and 20 workers. Similarly, there are a large number of manufacturing units which employ 20 or more persons but do not use power. The workers in these industries are comparatively less organised and they are unable to secure adequate benefits on their own. These are the people who need protection by way of medical relief and economic security at least as much as their counter-parts working in bigger and better organised industries. Their low wages, poor conditions of work, absence of normal amenities, unsatisfactory housing are factors which warrant their early inclusion in the social security programmes. The number of such workers, who come under the purview of the Factories Act but not under the Employees' State Insurance Act, could perhaps be estimated between four and five lakhs in the country and this number is bound to increase. We do not see any justification for leaving this large section of industrial workers out of the coverage of the Employees' State Insurance Scheme. Judging from the practice in other countries, where similar schemes are in operation, and taking into account the need for providing social security benefits, particularly, medical care, to the workers and their families, there is every justification for recommending extension of coverage to all establishments which employ five or more persons, whether or not power is used in the manufacturing process. However, the limitation of resources and personnel, particularly in the medical field, would suggest that it might be difficult to include the very small units for the time being. Besides these limitations, there may be administrative difficulties in enforcing the provisions. The number of units to be dealt with by the field officers and the inspectorate staff will be very large and the overall cost for collection of contributions and maintenance of records may be disproportionately heavy. We, therefore, recommend that the Scheme should immediately cover all factories as defined in the Factories Act, 1948, *i.e.*, which employ 10 or more persons and use power and also those which employ 20 or more but do not use power.

11. The next stage may include factories which employ 10 or more persons whether or not power is used. Such an extension of the Scheme will have an added advantage of making it more viable. It is difficult and far more expensive to provide adequate specialist cover and hospital facilities and to dispense cash benefits if the number of insured persons in any area is very small. As on 31st March, 1965, the Scheme was working in 226 centres all over the country. There were less than 2,500 employees covered in as many as 102 centres and less than 5,000 in 149 centres. We feel that the problem of providing satisfactory services to a large number of insured persons spread over comparatively sparse areas can to a considerable extent be mitigated by extension of coverage to smaller units.

Non-industrial Establishments

12. As regards the extension of the Scheme to non-industrial establishments, various suggestions have been received and various priorities have been indicated. There is a desire to see the extension

of the Employees' State Insurance Scheme to as wide a sector of employed persons as may be practicable and as soon as may be possible. The employees in shops and commercial establishments, and teachers in primary and secondary schools need early attention. They have practically no medical and health facilities available to them at present. Need for adequate provision for medical care and for economic security in the event of wage loss due to sickness or disability cannot be over-emphasised. The inclusion of shops and commercial establishments, particularly in areas where the industrial labour is rather small, will ensure viability and homogeneity of the Scheme. We, therefore, recommend that the Scheme should be extended to shops and commercial establishments employing ten or more persons immediately after industrial establishments employing ten or more persons have been covered. We understand that the Government of Madras is taking steps to extend the Scheme to this category of employees.

Mines

13. The Act specifically excludes from its coverage mines subject to the operation of the Indian Mines Act of 1923. The question whether the scope of the Act should be extended to cover the employees in the mines also was considered. There are about 4½ lakh workers working in coal mines and about 50 thousand in mica mines. The workers in mines are provided medical and welfare benefits under the Coal Mines Labour Welfare Fund Act, 1947, Mica Mines Labour Welfare Act, 1946, and Mines Maternity Benefit Act of 1941. They also get the benefit of annual leave etc. and the benefit of welfare, health and safety measures as provided in the Mines Act, besides compensation under Workmen's Compensation Act in the event of employment injury.

14. On strict comparison, the benefits available under the Employees' State Insurance Act are superior to those available under the legislation applicable to mines. On the other hand, the Coal Mines Labour Welfare Fund and the Mica Mines Labour Welfare Fund are built up entirely out of the cess levied on the employers and the workers do not have to contribute to it. The activities of these Funds include medical facilities to colliery workers and their dependants including out-door dispensary service, hospitalisation and specialists cover. The Labour Welfare Funds have set up in addition central and regional hospitals in the mining areas, a large number of maternity and child welfare centres and family planning centres. The standard of medical treatment in the central hospitals is reported to be fairly good. For workers suffering from tuberculosis there is a provision for cash assistance for diet at the rate of Rs. 1.50 per day to patients receiving domiciliary treatment. Payment is made for a maximum period of 6 months. To those who are receiving indoor treatment, a subsistence allowance, at a rate not exceeding Rs. 50 per mensem, is given for their dependants. Payment at the rate of Rs. 45 per month for a period of 6 months is made to workers suffering from tuberculosis admitted in the convalescent homes. For out-door treatment, allopathic and ayurvedic dispensaries have been set up which include static dispensaries in the

areas of concentration of the workers and also mobile units to cover out-lying areas. Arrangements have been made with other Government institutions and hospitals for the treatment of leprosy, cancer, and mental diseases. Spectacles and dentures are supplied to the colliery workers at the cost of the Fund.

15. Preventive measures against malaria and filaria are carried out in the coal fields. Arrangements with the Military Artificial Limb Centre, Poona, have also been made for supply of artificial limbs to colliery workers whose limbs had to be amputated due to colliery accidents. The entire cost of the limbs as well as the expenditure for the journey to Poona and back and for stay at the Limb Centre is borne by the Fund. There are plans for extension and development of medical, health and welfare activities of the Labour Welfare Funds.

16. The extension of the Employees' State Insurance Scheme to cover mines would, therefore, in effect, mean shifting of the part of the responsibility for providing medical benefits from the employers to the colliery workers. The additional benefits which they would be entitled to under the Employees' State Insurance Scheme would be, a longer period of leave with half wages during sickness and/or disability and slightly higher rates of disablement and dependants' benefits in the event of employment injury. The dispersal of the collieries in out-lying areas and absence of concentration of workers in large numbers in any one area calls for a specialised organisation to deal with their special problems. The Labour Welfare Funds have over the years been geared to their needs and have potentialities of improvement. The Employees' State Insurance Corporation with its already over-taxed resources may find it difficult to organise the administrative machinery to provide benefits to the colliery workers. In fact, they will have largely to depend on the existing medical and health organisation set up by the Labour Welfare Funds. The advantage of pooling the resources, which is an important factor in considering integration of various measures, will also be largely absent because in mine fields there are hardly any other industries which would be covered under the Employees' State Insurance Act except perhaps in bigger towns like Dhanbad, Kumardhobi and Asansol. We, therefore, feel that mines should not, for the present, be included in the purview of the Employees' State Insurance Act. Perhaps, it may be possible to do so a few years later when the Employees' State Insurance Act has been extended to all other sectors of the employed population. We would rather suggest the development of medical and health facilities for miners independent of the Employees' State Insurance Act. We do not, however, discount the possibility of schemes for joint hospitals and dispensaries in sparse areas so that both those insured under the Employees' State Insurance Scheme and those entitled to benefit under the Labour Welfare Fund may be able to get adequate standard of medical relief.

Plantations

17. Plantation workers are another class of employees which came in for consideration by us with regard to the extension of the

benefit provisions of the Employees' State Insurance Act. The workers in plantations are entitled to medical, health, housing, leave and maternity benefits as provided in the Plantation Labour Act. The plantations do not constitute factories as defined in the Employees' State Insurance Act. It is estimated that about 15 lakh workers are employed in plantations all over the country, a large number of them drawing wages around Rs. 2 per day. The main concentration of plantations is in the States of Assam, Madras, Kerala, and West Bengal. While in Assam it is gathered that the standard of medical facilities, the quantum of sick leave with pay and the standard of maternity benefits is fairly satisfactory, the position does not appear to be the same in the other areas. The representatives of workers in Assam were emphatically of the view that it would not be in the interest of the workers to be included in the Employees' State Insurance Scheme as they were already in receipt of better medical benefits solely at the cost of the employers. There was, however, a demand for coverage under the Employees' State Insurance Act in the case of small plantations where the employers were not able to provide satisfactory medical and other facilities. On the other hand, there was a vocal demand for coverage of plantations in the southern States where it was reported that the medical benefits given by the employers were not satisfactory. Taking into account the resources of the Employees' State Insurance Corporation, we do not think that it should enter this new field of activity for sometime. As in the case of mines, the plantations by their very nature have to be in sparse areas away from the cities. The medical facilities have largely to be on the wheels and the provision for medical personnel and ancillary staff has to be much more liberal than in the case of areas with larger concentration. Again, a large bulk of plantation labour may be exempted from payment of employees' contribution because of low rates of wages. The rate of employers' contribution in their case will also be low. On the other hand, the cost of medical relief will be proportionately high for them. Extension of the Act to plantation labour at this stage is bound to make serious inroads into the funds of the Corporation. We would, therefore, recommend that the position might be reviewed after a period of about 5 years in the light of the development and resources of the Corporation at that time. The Act should contain a provision to enable this to be done.

Phased Programme

18. It would be desirable to lay down certain priorities for the extension of the Employees' State Insurance Scheme. We consider that the extension of the Scheme may follow progressively the following order in the next ten years or so :

A. Immediately :

- (i) Factories using power and employing ten or more persons; factories not using power employing twenty or more persons.
- (ii) Running staff of road transport undertakings not at present covered ;

B. *During the Fourth Five-Year Plan period :*

- (i) All factories, whether or not using power, employing ten or more persons ;
- (ii) Shops and commercial establishments employing ten or more persons ;
- (iii) Trade and commerce (banks, restaurants, theatres, places of entertainment and other business houses) employing ten or more persons ;

C. *Thereafter :*

- (i) all undertakings in (B) above ; employing five or more persons ;
- (ii) mines and plantations, employing ten or more persons, whether or not power is used.

Shri G. V. Puranik was of the view that small establishments should be covered only after a further review.

The extension of the Scheme to non-industrial sectors will be facilitated if the power of extension of the Employees' State Insurance Scheme under Section 1(v) of the Employees' State Insurance Act rests with the Central Government which should, of course, consult the State Governments concerned before the issue of the notification. The present provision leaves it entirely to the State Governments to decide whether and when the Scheme may be extended to other sectors of the employed population. We recommend that appropriate amendment may be made in the Act to ensure uniformity in this matter.

Provisions for Exemption

19. Sections 87 to 91 of the Employees' State Insurance Act provide for exemption of factories and employees from all or any of the provisions of the Act under certain conditions. Under Section 87, the appropriate Government may, by notification in the official gazette, and subject to such conditions as may be specified in the notification, exempt any factory or establishment or class of factories or establishments in any specified areas, from the operation of the Act for a period not exceeding one year at a time. Section 88 similarly provides for exemption of any persons or class of persons employed in any factory or establishment or class of factories or establishments from the operation of the Act. The Corporation can make any representation it may wish to make in regard to the proposal for exemption. Section 90 empowers the appropriate Government to exempt any factory or establishment belonging to the Government or any local authority, if the employees in any such factory or establishment are otherwise in receipt of benefit substantially similar or superior to the benefits provided under the Act.

20. The provisions of Section 90 have been criticised as discriminatory against factories in the private or public sector which grant to their employees similar or superior benefits. It is understood that in some cases, despite the Corporation's representation to the contrary, the

State Governments have exempted the factories on grounds of apprehension of labour unrest. This favoured treatment to Government factories is not in accordance with the policy of the Government not to make any distinction between public sector, government or private factories so far as the application of labour laws is concerned. There cannot be two opinions regarding the desirability of removing any trace of discrimination between private sector and public sector industry. If a factory owned by the Government could be exempted on grounds of equal or better benefits, it is argued by the private sector that there is no reason why their factories should not be entitled to exemption on similar grounds.

21. Weighty reasons have been advanced in favour of deleting any reference to exemption from the provisions of the Act. A compulsory social security legislation should, it is claimed, be applied to all without distinction. It is argued that in a scheme of social insurance, based as it is, on the principle of grouping of risks, all categories of insured persons are not likely to gain equally. The grouping together of the good and the bad risks being *sine qua non* of social insurance, it would, they feel, be inappropriate to exempt employees of certain establishments who are better placed than their counter-parts in other establishments.

22. The supporters of the other view have also advanced cogent arguments. According to them those establishments which grant to their employees superior overall benefits than could be provided under the Employees' State Insurance Scheme should be granted exemption from the Scheme if the employees concerned so desire. No social security scheme, they argue, should curtail in the name of uniformity, any benefits that are already being enjoyed by the employees in an establishment.

23. We have given careful consideration to this question and recommend as follows :

- (i) The provisions in the Act for grant of exemption to certain establishments should be tightened up so as to permit exemption only in exceptional circumstances or where administratively it is not possible to reach the benefits of the Scheme to particular groups of employees.
- (ii) Exemption may be granted only when :
 - (a) The prevailing benefits enjoyed by the employees in the establishment concerned are superior on an overall assessment to those that could be provided under the Employees' State Insurance Scheme ; and
 - (b) The employees concerned themselves clearly desire that the establishment should be exempted from the application of the Scheme.
- (iii) No distinction should be made between the private sector and the public sector in the grant of exemptions.

- (iv) All cases where exemption from the scheme is applied for should be carefully screened by a suitable machinery to ascertain the overall superiority of the prevailing benefits. The representatives of labour organisations should be associated with the screening process.
- (v) To ensure uniformity, the authority to grant exemption should vest in the Central Government, which should be guided in its decision by the recommendations that the Employees' State Insurance Corporation may make after each application for exemption is screened as recommended in (iv) above. The Central Government will doubtless consult the State Government concerned also.
- (vi) Exemptions granted as above should be subject to periodical review.

Wider Coverage

24. The definition of the term 'employee' in the Act, as reproduced earlier in this Chapter, is neither clear nor concise. It has given rise to many difficulties for the administration in deciding insurability. Litigation in the Employees' Insurance Courts has over the years been probably the largest on this one ground. Several cases had to go to High Courts for ruling. The question of insurability is undoubtedly of great importance in any scheme of social insurance and if the term 'employee' is not clearly defined in the statute, it leads to several complications for the employers, the insured persons and the institutions providing the benefits. There have been, we are told, instances where, in spite of the wide provisions of Section 2(9) (ii) of the Employees' State Insurance Act, coverage of contract labour has been avoided. Insurability must, therefore, be defined unambiguously so that it is placed beyond all possible doubts and disputes. The Employees' State Insurance Scheme has been in operation for over 12 years now. It is no longer in an experimental stage. There is, therefore no reason why all employees, atleast in the defined sector of employment, should not be entitled to the benefits under the Scheme. In a Punjab High Court Case (Appeal from the Order No. 17 of 1961) in the case of Chanan Singh, Proprietor Chanan Singh and Sons, Amritsar Vs. Regional Director, Employees' State Insurance Corporation, Amritsar, the High Court has remarked that if there were to be any discrimination between different classes of employees in respect of the beneficent provisions of the Act, there might be an infringement of Article 14 of the Constitution, unless it could be shown that there was some reasonable ground for discriminating between different classes of persons employed by the employers. The definition of the term 'employee' must, therefore, be such as to bring in all classes of employees in a factory, except those above a certain wage ceiling where the need for protection is less clearly discernable. It is hoped that with progressive extension as recommended in paragraph 18 above, the precision of this definition would become less important as a person would be an 'employee' either in one group or another.

Coverage of Clerical Workers

25. It has been sometimes mentioned that clerical employees covered under the Employees' State Insurance Act do not benefit as much from the Scheme as their counterparts engaged in manual work, as they are not much exposed to risk of employment injury. Suggestions have also been made that the rate of contribution for the clerical and supervisory staff may be less than the rate applicable to the manual workers. In an integrated scheme it would be undesirable to prescribe a relief or diminution in contribution in case of class of employees not so much exposed to the risk of employment injury as that would amount to matching of the components of the contribution to each risk. Even within the manual workers as a group, the exposure to employment injury is far from uniform. If exception is made for clerical employees, there would have to be differentiation between different groups of workers, depending on the degree of risk involved. The protection for employment injury forms only a small portion of the totality of risks covered under a social insurance scheme and just as a healthier section of the insured workers cannot justifiably complain that they are at a disadvantage, as they stand in need of medical care less frequently than their counter-parts, this class of employees also cannot validly feel aggrieved about any disadvantage because of their being not as much exposed to the risk of employment injury as their co-insured manual workers are. Besides this, there is a very important factor of the universality of the Scheme. Stress has to be laid on all classes of employees becoming active partners in the social security schemes and on their contributing towards the welfare of those in need. Any class distinction in a compulsory scheme to provide social security benefits would be harmful, particularly, as the product of industries with greater vulnerability to accidents is vital to the entire community and is shared and consumed by all alike.

Wage Ceiling

26. The upper income limit prescribed for coverage also needs to be substantially raised, if not altogether abolished, by means of an elastic provision enabling the Government to raise the limit suitably. Before the second world war it was a general practice, to exclude from the scope of compulsory insurance, persons earning remuneration in excess of a prescribed monthly or annual rate. At the present time, there are very few countries in which the wage ceiling is applied in schemes of social security. It is realised that the remuneration limit undoubtedly complicates the administration of insurance system since individuals might have wages above and below the limit in consecutive months. The provision for a wage ceiling is, therefore, being gradually swept away, although there are almost everywhere limits for payment of contributions and drawals for benefit amounts.

27. There is also overwhelming evidence before us advocating the raising of wage limit. Different ceilings have, however, been suggested. It has also been suggested that there should be an elastic provision in the Act for raising the wage limit from time to time. We recommend

that the wage limit should, in the first instance, be raised to Rs. 1,000 per month so as to bring the coverage in this respect in line with the coverage under the Employees' Provident Fund and also to facilitate integration of the two Schemes. A provision may also be made for giving the Central Government powers to raise the wage ceiling from time to time. The number of employees between the wage range of Rs. 500 to Rs. 1,000 is not likely to be large. The only limiting consideration, therefore, is the adequacy and standard of medical benefits under the Scheme. Once that is achieved, there need be no further impediment against raising the wage limit. We would not, for the present, suggest the complete removal of the wage limit. The disparities in income between the lowest paid worker and the highest paid person in factories and other establishments are too large to justify that step.

Casual, Temporary and Badli Workers

28. It has been suggested that casual, temporary and badli workers may not be covered under the Scheme because under the present contributory conditions many of them are not able to qualify for cash benefits. A suggestion has also been made that the definition of the term 'employee' under the Employees' State Insurance Act should be the same as under the Employees' Provident Fund Act so that only those employees who are in employment continuously for a period of 240 days or more are eligible for entry into Employees' State Insurance Scheme. It must be realised that this will throw out of protection a large mass of workers employed in casual, temporary or substitute capacity and they will be left with no arrangement for medical care either for themselves or for their families. A person works in a temporary or casual capacity not of his own volition but by force of circumstances. The fact that he is intermittently employed should be a strong reason for affording him the maximum protection under social security schemes.

29. We believe, therefore, that it would be a retrograde step to exclude a large number of persons for no fault of theirs. The contribution conditions for eligibility to sickness and maternity cash benefits are proposed to be amended and thereafter instead of 2/3rd weeks of contribution the employee will need to pay only 50% i.e. 13 contributions in a 26 weeks contribution period to be entitled to full rate of benefit. This will itself, to a large extent, mitigate the rigours of the conditions for eligibility in case of persons employed intermittently.

30. Moreover, any stipulation with regard to continuous employment for a specified minimum period, for purposes of coverage of an employee, will not only restrict the coverage but will also give rise to disputes. It might also lead to a tendency to avoid coverage in certain cases. It would, therefore, not be a desirable step to specify any minimum period of continuous employment for coverage of an employee.

CHAPTER V

CONTRIBUTIONS

Rates

The Employees' State Insurance Scheme is financed at present by the contributions of the insured persons and their employers. The rates of employees' and employer's contributions have been fixed broadly in proportion to wages by dividing the employees in eight wage groups. The rates of employer's and employees' weekly contributions are laid down in Schedule I to the Act. The employees whose average daily wages are below Re. 1 are exempted from payment of contribution. In accordance with the Employees' State Insurance (Amendment) Bill, 1965, the wage limit for exemption from payment of employees' contribution is proposed to be raised to Rs. 1.50 per day and the rates of contribution and benefits are also proposed to be rationalised. The new table of weekly contribution rates gives alongside the daily standard benefit rate also for each wage group. The number of wage groups is proposed to be raised to nine to cover employees whose average daily wages are Rs. 15 and above.

Collection

2. The liability for payment of both the employer's and employees' contribution is that of the principal employer in the first instance. The principal employer is responsible for payment of employer's contribution and employees' contribution in respect of every employee, whether directly employed by him or by or through an immediate employer. He is entitled to recover the employees' contribution from his wages. He is also entitled to recover from the immediate employer the total contribution paid on his behalf. In turn, the immediate employer is entitled to recover employees' contribution from the wages of the employees employed by or through him. The recovery of the contribution from the employees has to be from the wages pertaining to the period to which the contribution relates and not otherwise.

3. The Act provides for payment of contribution for each week during the whole or part of which an employee is employed whether or not wages are paid. This provision is believed to have caused hardship to the employers where they had to make payment of not only their own share of contribution but also of the employees' contribution during periods of authorised leave or lock-out even when no wages were paid. In many cases the employers successfully avoid their liability to pay contribution during periods of authorised leave or lock-out, when no wages were paid, by treating the employees' period of absence as unauthorised absence. The situation is sought to be remedied by amendment to the Act so as to make the liability to pay contribution co-terminus with the liability for payment of wages. This, we believe, will greatly improve the present situation.

4. The Regulations relating to collection of contributions provide that every contribution payable under the Act shall be paid by affixing contribution stamps on the Contribution Card of the employee. The only exception is where the Corporation has approved of an arrangement for payment of the contribution in cash or payment of the contribution through franking machine for which licence is granted by the Corporation subject to fulfilment of certain conditions.

5. The employers are required to maintain a separate Contribution Card in respect of each employee. The Contribution Card remains current till the end of the Contribution Period in respect of the person to whom it relates. After the expiry of each Contribution Period, the Contribution Cards are required to be returned to the Corporation alongwith a Return of Contribution Cards in duplicate within a specified time. The insured persons are divided into 3 sets A, B and C and for each of these sets the Contribution Period commences and ends on different dates. There are, thus, six Contribution Periods in a year and Contribution Cards are required to be sent by the employer to the Corporation at the end of each Contribution period.

Transitional Provisions

6. In the middle of 1950, when arrangements were underway for the implementation of the Scheme in Kanpur and Delhi, objection was raised by employers in Kanpur that the implementation of the Scheme in a few places only would be discriminatory and it would place the employers in the implemented areas at a competitive handicap. The Government of Uttar Pradesh strongly supported the stand taken by the employers and represented to the Central Government that the plan for piecemeal introduction of the scheme should be abandoned as it might endanger the competitive capacity of the industry in their State. The Government of India appreciated the force of the argument and met the situation by an amendment to the Employee's State Insurance Act in 1951, to provide for the levy of employer's special contribution all over the country at such percentage of the total wage bill of the employer as may be notified by the Central Government, but not exceeding 5% in lieu of employer's contribution under the original Act. This was introduced as a transitional provision till the scheme was implemented in all the States. The Government of India notified the rate of employer's special contribution as $1\frac{1}{4}\%$ of the total wage bill for employers in the implemented areas and $\frac{3}{4}\%$ of the wage bill for employers in non-implemented areas, the difference of half per cent representing roughly the cost of Workmen's Compensation and Maternity Benefit, the responsibility in respect of which, in the implemented areas, was to be taken over by the Employees' State Insurance Corporation. The rate of employer's special contribution has been increased from $1\frac{1}{4}\%$ to $2\frac{1}{2}\%$ in the implemented areas with effect from 1st April, 1962. There has been no change in the employer's special contribution for employers in non-implemented areas. The employer's special contribution is paid quarterly by deposit in the State Bank of India on a special challan and this is followed by a Return to the Corporation indicating

the total wage bill and the amount so deposited. The employees' contribution, on the other hand, is paid by means of contribution stamps affixed on the Contribution Cards as described above.

7. There has been some criticism about the relative size of the contributions payable by the employees and employers under the Scheme. This flows mainly from the artificial situation created during the transitional period when the employers are paying a rate of contribution roughly equal to that of the employees and have been paying in earlier years at a rate half that of the employees. It is not generally appreciated that the difference between the full schedule rate of employer's contribution and the contribution that they actually pay was largely made up by the employers' special contribution paid by the employers in the non-implemented areas at any rate during the first five years of introduction of transitional provisions. This was, as stated above, a device to reduce the competitive handicap for the industry in the areas where the Scheme was first implemented.

8. When the employer's special contribution was introduced in the year 1951, the assumption was that the total collection on account of employer's special contribution, both from the implemented areas and non-implemented areas, would be more or less equal to the collection which would have been made on account of employer's contribution at the rates provided in Schedule I to the Act from the implemented areas. This assumption was, however, valid only for the first few years of the working of the Scheme. The employees' contribution realised during subsequent years, instead of being 50% of the total employer's special contribution, far exceeded the amount of employer's special contribution which is evident from Appendix IX. The position has no doubt improved after the rate of employer's special contribution was raised in April, 1962, but it still does not fully meet the objection of the employees who had under the original provisions, to pay only 1/3rd of the total contribution payable, the 2/3rd was to be paid by the employers. The Scheme has now been implemented in all major industrial areas except in Jamshedpur in Bihar. Therefore, the circumstances under which Chapter VA of the Employees' State Insurance Act was introduced do not now exist. Moreover, when the transitional provisions were introduced, it was expected that the Scheme would be implemented all over the country within a few years. These provisions have been in force for over 13 years and during this period the employers in the non-implemented areas have been paying contribution without their employees deriving any benefit. This short-term arrangement cannot be continued for an indefinite period. The period of 13 years during which the transitional provisions have remained in force has already been too long and we do not find any justification for the continuance of these provisions any more. We, therefore, recommend that the transitional provisions should be dropped and the contribution should be collected as per Schedule I to the Act. This will not only relieve the employers in the non-implemented areas of unnecessary burden which they have been shouldering for such a long time but will also meet the point of view of the workers. Besides, it will provide

much needed finances for the Scheme. As will be discussed later, the cost of medical benefit for the insured persons and their families is already becoming a heavy charge on the resources of the Corporation.

9. We are conscious of the fact that this would increase the liability of the employers in the implemented areas. It must be remembered, however, that this liability had already been cast on the employers under the Act. They have been paying contributions at a rate much lower than that provided in Schedule I. Our recommendation implies that the employers should now start paying contribution at the full rate stipulated in the Act. We need hardly go into the discussion of the employers' rightful share in financing social security schemes. They, as a class, derive definite advantage from such schemes. It cannot be denied that in developing countries, where the working class has the means of expressing its will, social insurance helps to maintain industrial peace and stability, while the medical benefits conserve their productive capacity. The industry would undoubtedly be less prosperous without it. It is but fair that the employers should shoulder a major part of the cost of social security schemes.

Freezing of Rates

10. In an earlier chapter we have recommended that wage ceiling for coverage of employees under the Act should be raised to Rs. 1,000 per month. It is a normal practice in social security schemes to freeze the contribution and the benefit rates at certain wage levels so that all employees in and above that wage level would pay contribution prescribed for that wage level and be entitled to benefit at the rates corresponding to the same wage level. We recommend that there should be a freezing of contribution and benefit rates at the present maximum rates and no further wage group need be added with the raising of the wage ceiling to Rs. 1,000 or even beyond that later on.

Exemption from Payment

11. At present an employee whose average daily wage is below Re. 1 is exempted from payment of the employees' contribution. There has been demand from the workers' organisations to raise this limit further. They argue that the wage limit of Re. 1 was fixed in the year 1948, when there were a significant number of workers drawing wages below Re. 1 a day. The position has since considerably changed. The lowest wage is unlikely to be less than Rs. 2 a day, particularly, after the fixation of minimum wages in most industries. On the other hand, with the rise in prices, workers drawing low wages are not in a position to bear the burden of contribution levy. Various suggestions have been made for raising the wage limit to Rs. 2, Rs. 3 or even Rs. 4. There is no doubt that the capacity of the beneficiaries to pay the contribution must be taken into consideration at the time of fixing the wage limit for exemption from payment of contributions. It is an internationally accepted view that persons who are in receipt of wages which are considered to be below the subsistence level, may not be asked to pay contributions. Their share of the contribution should

come either from the employers or from the State exchequer. The ESI (Amendment) Bill, 1965, as stated earlier, raises the exemption limit from Re. 1 to Rs. 1.50 per day. This proposal was originally made in 1961. The position has considerably changed since then with rapid rise in the cost of living and wages not keeping pace. We feel, therefore, that this slight change is not likely to give relief to any large section of the workers as there are hardly any employees who earn less than Rs. 1.50 per day. With the minimum wages statutorily fixed in most industries, the number of those earning less than Rs. 2 per day may also be very small. In order to give some relief to low paid employees, we would have liked to recommend exemption from payment of contributions for those earning less than Rs. 2.50 per day. The financial considerations involved, however, dictate more caution. We would, therefore, suggest the raising of the wage limit to Rs. 2 per day for exemption from payment of employees' contribution immediately with a provision for review of the position at the time of the next valuation. The employers' contribution against this Group would, of course, have to be proportionately enhanced.

Mechanism for Collection of Contributions

12. The present method of payment of employees' contribution by affixing contribution stamps on contribution cards has been criticised as being cumbersome and time-consuming and it has been suggested, particularly by large employers, that it may be replaced by a pay roll system. We have examined this matter carefully by reference to the practice followed in social security schemes in other countries and have come to the conclusion that the present system of collection of contributions through contribution stamps should not be given up. Nevertheless, the search for a simpler system should continue and the O. & M. Division of the Corporation should concentrate on it.

13. The essential features to be kept in mind are that the insurance history of a claimant to benefit must be ascertainable with speed and accuracy and that the benefit must be paid in the shortest possible time. The title to sickness and maternity benefit under the Employees' State Insurance Act and its quantum depend on the number and value of weekly contributions paid during a particular contribution period. For expeditious determination of the claim, therefore, it is necessary to have a readily available individual record of contributions paid by each insured person. This is possible with a stamp card system where a contribution card is available for each insured person. If the employers were to deposit, as has been suggested, the contribution in lump sum in respect of all their employees periodically in the account of the Corporation and were merely to send thereafter a Return indicating the particulars of the insured persons in respect of whom the contribution has been paid, it will be necessary to build up individual records from those Returns in the offices of the Corporation. The labour turnover in industry in India is even now high. The employment of large number of persons as casual and purely temporary further adds to the instability of employment. It is quite possible that in a large number

of cases the same insured person might appear in the Returns submitted by different employers in the same or different areas. Unless, therefore, there is a system of preparing perforated cards from the information in the Returns, and of mechanical sorting and tabulation of the information, it will wellnigh be impossible for the ESI Corporation to build up in a short time the type of record which will be necessary for reference at the time of the receipt of the claims. In nearly all countries where contribution is collected by a pay roll system or some variant of it, the processes of preparation of individual records have been completely mechanised. As this may not be possible for some time in India, the Corporation may continue to work with the simpler method of stamp card system which has following distinct advantages:

- (a) The stamp on a contribution card is a ready and visible evidence of payment of contribution.
- (b) The title to medical care and eligibility for cash benefits can be easily determined by reference to contribution cards.
- (c) If an insured person changes employment, it is quite easy with the stamp card system to link up his contribution record on receipt of contribution cards from different employers.
- (d) The stamp card system makes it easy for the employees to verify whether the employer has paid the contributions in respect of him and if so whether they have been paid correctly.
- (e) It is easy to determine the rate of benefit by examination of the contribution card. After the proposed amendment to the Act, even a glance at the contribution card will show the rate of benefit.

14. The comparative merits of the two systems have been a subject matter of discussion at several international meetings. The conclusion generally appears to be that in those schemes where benefits depend directly on the contribution record, the stamp card method is more appropriate, while in other cases pay roll method is suitable. Apart from the usual arguments that the stamp card system is convenient, it provides an easy machinery for checking, it is clear and simple as regards accountancy and it is economical to administer. There is a further consideration that the stamp card system minimises errors in insurance numbers, names, addresses etc. However, there is not the same degree of reliability on Returns prepared by the employers, particularly those who do not have the facility of mechanised record keeping. It may be of interest to note that in France, with pay roll system, it was found some years ago that as much as 15% of the total contribution could not be credited to individual employees due to insufficient and inaccurate particulars in the Returns (*vide* ISSA Report of Ninth General Assembly).

15. The major difficulty which the employers have been experiencing is really not that of maintaining separate contribution cards and of keeping accounts of contribution stamps, but of working out the average daily wage and of calculating the rate of contribution in respect

of each employee at the end of each wage period. Under the amendments to the Employees' State Insurance Act already under consideration, the average daily wage will need to be worked out only once in the first wage period in a Contribution Period, and that too on the basis of a notional wage. The same rate of contribution will apply for the whole of the Contribution Period. This amendment will simplify the procedure to a great extent and will reduce substantially the work of the employers. We, therefore, do not think it necessary to suggest any change in the present method of payment of contribution. The Return of Contribution Cards should, however, be sent by the employer in triplicate and not in duplicate. The Corporation has decentralised the work of deciding eligibility to and the rate of benefit and the Contribution Cards are now maintained at the local offices. It will be helpful if the local office also has in addition, a copy of the Return of Contribution Cards which may be referred to in the event of a card not being readily available. This will not only reduce correspondence between the local offices and the Regional Office but will also avoid delay in payment of benefits to the insured persons.

16. Suggestions have also been received, particularly from the employers, that the rate of contribution may be calculated as a fixed percentage of the wages earned during a particular wage period. This suggestion is, in fact, an extension of the present contribution structure under the Act. Employees have been classified into eight wage categories and the contributions vary accordingly. The contribution and the benefit are roughly a percentage of the wages. If the contributions were to be levied on a fixed percentage basis, the mechanism for collection will have to be completely altered as the stamp card system will not be practicable then and the advantages which flow from this system would disappear. Another, and quite serious, consequence of fixing a percentage for levy of contributions would be that the contributions for the lower wage groups would be proportionately more than at present and this will, doubtless, be resented by the workers.

17. The argument in favour of percentage system was perhaps more valid before the proposal to amend the contribution and benefit structure under the Act. The Employees' State Insurance (Amendment) Bill envisages, as has been mentioned earlier, the fixation of the rate of contribution and the corresponding rate of benefit for every employee once at the beginning of the Contribution Period. The rate of contribution will be determined on the basis of the notional wage and will not take into account the actual amount of wages earned during a wage period. Nor will there be any question regarding the actual number of days that the person works in the factory or establishment in a wage period. If contributions are to be calculated as a fixed percentage of the wages earned, the employers will necessarily have to wait till the actual preparation of the pay roll for calculating the amount due to be paid at the end of a particular wage period much the same way as is done at present. For eligibility to benefit also, it will be necessary to ascertain the number of days an insured person has actually worked in a contribution period. This will bring back the same difficulty which

the employers and employees are experiencing today with the present contribution and benefit structure of the Act. The employees will not know readily the amount of contribution that they are liable to pay and will not be able to ascertain before hand the amount of benefit that they would be entitled to. The amendments proposed are, therefore, a considerable advance over the present position and also over the percentage method of calculating the rate of contributions. We, therefore, suggest no change. The need for simplified, technical, actuarial and administrative apparatus is of the utmost importance, particularly, in developing countries.

Chalan Form for Purchase of Contribution Stamps

18. Contribution stamps are purchased at the State Bank of India against deposit on Chalan Form filled in duplicate. One copy of the Form goes to the Corporation for their information and the other copy is retained by the Bank for record. The employers have suggested that it would be useful if they could also get a copy of the Chalan for their record and for proper scrutiny of their stocks of contribution stamps. We support the suggestion which will, incidentally, help the Corporation Inspectorate staff also in checking contribution payments.

Abolition of Set System

19. We have also examined in some detail the system of dividing the contribution periods and the corresponding benefit periods into three sets. The main argument in support of this provision has been that it staggers the work for the employers as well as for the Corporation. While there is no doubt that under the present system, the employers and the Corporation have to deal with the contributory record of only 1/3rd of the total number of employees, at a particular point of time, we found that this procedure has actually increased the total amount of work to be done in many ways; the employers have to maintain three sets of records and have to send the Contribution Cards six times in a year involving preparation of a fresh return every time; the Corporation has to watch receipt of Contribution Cards and to issue reminders etc., six times in a year, thus increasing the number of repetitive processes; quite often insured persons are allotted to wrong sets and this leads to long correspondence between the Corporation on the one hand and the employers on the other and sometimes results in serious delays in payment of benefit to the insured persons; local offices have to maintain separate sets of records, duplicating many processes and making access to records more difficult. We, therefore, recommend that the system of dividing the insured persons in three sets may be abolished. We have had in this connection the support of many of the representatives of the employers and also of the officers of the Corporation who are actually handling records. The only limiting consideration is the exit process for disentitlement to medical benefit which has to be completed in the Regional Office within a short-time after the receipt of the contribution cards. It should be possible for the Corporation to revise the present procedure and to curtail the time required for this operation, substantially. In our view there need be

only two Contribution Periods in a year instead of six Contribution Periods—two for each set—as at present. There may be no difficulty in assimilating the existing insured persons divided into three sets, into a single set. This can be achieved by extending or reducing the Contribution Period and the Benefit Period as is done in the case of Contribution Period and Benefit Period in areas where the scheme is implemented for the first time. The uniform Contribution Periods may be from the last Saturday in January to last Saturday in July and from last Saturday in July to last Saturday in January. The corresponding Benefit Periods may be from last Saturday in October to last Saturday in April and from last Saturday in April to last Saturday in October, one following the other at an interval of 3 months, as at present. We do not visualise any difficulty in giving effect to these recommendations.

Unit for Payment

20. Contributions under the Act are paid on weekly basis. It has been suggested that a month be reckoned as a unit for the payment of contributions instead of a week, as wages are generally paid on a monthly basis. It is argued that this change will result in considerable convenience for the employers and also for the Corporation and will lead to economy in the consumption of paper and stationery. The week as a unit for payment of contribution was introduced in the legislation mainly for the reason that the wage period in industry is not uniformly a month all over the country. There are some areas where wages are paid weekly or fortnightly. The week was, therefore, considered as a convenient unit for calculating contributions, as it fitted in with a longer wage period, while the reverse was not true. Another consideration in favour of a smaller unit for payment was that as the full contribution was payable even when the employee worked for a part of the period, it might create hardship if the employee was required to pay contribution for the whole month even if he worked for a day in that month. The rigour of this condition would be very much less if the contributions are reckoned weekly. On the other hand, there are obvious advantages in fixing the unit for payment of contribution to synchronize with the unit for payment of wages. We, therefore, recommend that another contribution table may be added in the Act to provide for payment of contributions on monthly basis in cases where the wage period is a month. Corresponding changes may be made in the contributory conditions for title to benefit.

Limitation for Recovery

21. The Employees' State Insurance Act does not provide any period of limitation for recovery of contributions payable by the employers. A few State Governments, however, have in their Employees' Insurance Court Rules, prescribed a limitation period of one year for recovery of contributions due under the Act. Others follow the normal law of limitation which prescribes a limitation period of three years. Apart from the fact that there is no uniformity in this respect from State to State, this has lead, in many cases, to discharge of the application for recovery of contributions, on the plea that the limitation

period has expired. Suggestions have been made that there should be no limitation for recovery of contributions payable under the Employees' State Insurance Scheme. While, we agree that there should be no premium put on the successful evasion of the Act, we feel that in the interest of the efficient performance of duty cast on the Employees' State Insurance Corporation, there should be a reasonable period of limitation. The Government of India is already contemplating the provision of three years period for this purpose. We feel that this will be an adequate provision.

Transfer of Establishments

22. Another matter which came up for consideration was with regard to the realisation of arrears of contributions where the factories or establishments have changed hands. Under the Act the responsibility is that of the principal employer to pay the contribution. On transfer of the ownership of the factory, the transferee is not liable to pay the arrears of contributions which were the responsibility of the transferer, who was the principal employer at the time when contributions accrued. This has, we are told, lead to financial loss to the Corporation in certain cases. We think that it should be possible to provide in the Act that the liability to pay arrears of contributions, if any, under the Employees' State Insurance Act passes on to the transferee alongwith the transfer of ownership of the factory, notwithstanding any agreement between the transferer and the transferee to the contrary.



CHAPTER VI

CASH BENEFITS

Statutory Cash Benefits

The Employees' State Insurance Act provides, in addition to medical benefits, periodical cash benefits in the event of sickness, maternity, disablement and death due to employment injury. This chapter deals mainly with the provision of cash benefits under the Scheme.

2. Sickness benefit is paid in cash during the period of certified sickness when the insured person is unable to attend to his/her work on account of illness. The sickness benefit is paid for seven days in a week at about half the daily average wage. An insured person is entitled to claim sickness benefit during the benefit period if weekly contributions in respect of him were payable for not less than $\frac{2}{3}$ of the number of weeks during which he was available for employment during the corresponding contribution period, subject to a minimum of twelve weekly contributions. There is an initial waiting period of two days except in the case of a spell of sickness following, at an interval of not more than fifteen days, the spell of sickness for which sickness benefit was last paid. The benefit is payable for a maximum of fifty-six days in a continuous period of three hundred and sixty-five days.

3. Maternity benefit is paid to insured women workers at the time of confinement. An insured woman can claim maternity benefit during a benefit period, if weekly contributions in respect of her were payable for not less than $\frac{2}{3}$ of the number of weeks during which she was available for employment during the corresponding contribution period, subject to a minimum of twelve weekly contributions, provided that at least one contribution has been paid between thirty-five and forty weeks before the week in which the confinement takes place or in which notice of pregnancy is given before confinement. The rate of maternity benefit is half of the assumed daily wage or 75 paise per day, whichever is greater; and is payable during a period of twelve weeks of which not more than six shall precede the expected date of confinement.

4. Disablement benefit is paid during a period of temporary disablement resulting from employment injury and dependant's benefit is paid if the insured person dies as a result of employment injury. There is no qualifying condition attached to employment injury benefits. The temporary disablement benefit is paid at the rate of roughly half of the average daily wages for so long as disablement lasts, provided that it lasts for more than 3 days. Benefit for permanent disablement is paid in the form of a pension depending on the extent of disablement, the maximum being the permanent total disablement at a rate which is equal to the rate of the temporary disablement benefit. The extent of disablement is decided by an independent Medical Board with a right of appeal to Appeal Tribunal. If an employment injury results in the death of an insured person, his dependants *i.e.*, his widow, and/or

children receive the dependant's benefit. The benefit to the widow is payable for life or till she remarries. The son(s) and unmarried daughter(s) are entitled to receive benefit upto the age of fifteen years, or if they are receiving education, upto the age of eighteen years. The widow is entitled to the benefit at the rate of 3/5th of the full rate of temporary disablement benefit and each of the children at 2/5th of such rate, provided that the total amount of dependant's benefit payable to all dependants does not exceed the full rate, otherwise the rate of dependant's benefit is reduced proportionately so that the total does not exceed the full rate. In the absence of the widow or the children, benefit can be paid to parents or other dependants of the deceased insured person.

Enhancement of Cash Benefits

5. Section 99 of the Act empowers the ESI Corporation to enhance at any time, when its funds so permit, the scale of any benefit admissible under the Act and the period for which such benefit may be given. During the years, the Corporation has made use of this provision and the scope of benefits has been enlarged from time to time.

The following list indicates the improvement made in cash benefits :—

- (i) extended sickness benefit at full sickness benefit rate for a further period of 309 days to insured persons suffering from the following diseases :
 - tuberculosis,
 - leprosy,
 - mental and malignant diseases ;
 - fracture of lower extremity ;
 - diseases arising from the administration of drugs/injections ;
 - para-plegias and hemiplegias ;
 - chronic congestive heart failure ;
 - immature cataract with vision 6/60 or less ;
 - anaemias (specified types) ;
 - chronic filariasis with obstructive syndrome ;
 - cirrrosis of liver with ascities ;
 - non-specified ulcerative collitis ; and lung abscess ;

To be eligible for extended sickness benefit, the insured person should have been in continuous employment for at least 2 years ;

- (ii) enhancement of the rate of maternity benefit from 1/2 average wage to the full average wage of the insured woman ;
- (iii) remittance of cash benefits by money order at the cost of the Corporation ;
- (iv) payment of conveyance charges and compensation for loss of wages for appearance before medical board.

Maternity and Employment Injury Benefits

6. The maternity benefit payable under the Act is in lieu of maternity benefit to which the insured woman might be entitled to under the State Maternity Benefit or the Central Maternity Benefit Acts. Similarly, the disablement and dependant's benefit payable under the Act is in lieu of the compensation under the Workmen's Compensation Act, 1923. The employers, in areas where the scheme has been implemented, are no longer liable to pay benefit under the Maternity Benefit Act or compensation under the Workmen's Compensation Act.

Other Provisions Relating to Cash Benefit

7. For purposes of drawal of cash benefits for sickness, confinement or employment injury, it is necessary to obtain from the duly appointed medical practitioners, medical certificates certifying the existence of sickness and need for abstention from work. Provisions have been made for review of disablement or dependant's benefit where circumstances change and for other matters like the benefit received under the Act not being assignable, saleable or attachable; the insured person not being entitled to similar benefit under other enactments; the insured person not being entitled to commute for a lump sum the periodical payments, except to the extent provided in the Regulations, non-admissibility of benefits in respect of any day on which the insured persons work and receive wages; conditions to be observed by recipients of cash benefits; restriction against combining of benefits; Corporation's right to recover damages from employers in certain cases; Corporation's right to be indemnified in certain cases; Corporation's rights where the principal employer fails or neglects to pay any contribution; liability of owner or occupier of factories etc., for excessive sickness benefit; repayment of benefit improperly received; payment of benefit upto and including the day of death; restriction on the employer not to reduce wages etc., and protection to the insured person against dismissal or punishment during periods of sickness etc.

Commutation of Permanent Disablement Benefit Payments

8. As mentioned above, the law provides that no person shall be entitled to commute for a lump sum any periodical payments admissible under the Act except as may be provided under the Regulations. The Regulations framed in connection with this provision allow a commutation of periodical payments of permanent disablement benefit in cases where the permanent disablement has been assessed as final and the rate of permanent disablement benefit does not exceed 50 paise per day. The insured person has to make an application for the purpose within six months of the date of communication of the rate of permanent disablement benefit to him. If he makes an application after the expiry of six months, the commutation is possible only if a medical authority specified by the Director General, E.S.I. Corporation, has certified that the insured person has normal expectancy of life.

9. The amount of lump sum admissible under this Regulation is determined by multiplying the daily rate of permanent disablement

benefit by the appropriate figure in Schedule III to the E.S.I. General Regulations, corresponding to the age last birthday of the insured person on the date on which his application for commutation is received by the Corporation. Alongwith the application for commutation the insured person has to submit proof of his age in the form of a high school certificate or the original horoscope. In the absence of any documentary evidence, the age is assessed by the Medical Referee of the Corporation. It has been brought to our notice that the procedure for commutation of the periodical payments has caused difficulty in a large number of cases. There are two reasons for it: (a) the formality of exercise of an option within a stipulated time and (b) the production of formal evidence in proof of age. In a large majority of the cases where the insured persons apply for commutation, evidence in proof of age is not readily available and they have to appear before the Medical Referee of the Corporation for assessment of the age. In many cases this requires long distance travel and results in considerable delay in the settlement of claims. We are told that in nearly all the cases where the benefit admissible is 50 Paise a day or less, applications are received for payment of commuted value. This is understandable in the context of present day high cost of living and low value of money. A pension of less than Rs. 15 per month provides little or no economic security. The insured person naturally opts for a lump sum payment. This being so, we feel that instead of making commutation optional, as at present, it would be a better alternative to provide in the Act itself that payment of permanent disablement shall be made in the form of a lump sum if the rate of benefit is less than 50 paise a day. This will eliminate the formality of exercising an option by a written application.

10. As regards the difficulty about proof of age, which is very real in the case of industrial workers, we have examined the practices in other countries. Payment of permanent disablement benefit in the form of a lump sum for disabilities assessed at less than 20% or 25% is quite common. In some cases the amount payable is the uniform sum not dependent on the wages of the insured persons. In other cases, the benefit is wage-related, say, five times or ten times the annual benefit; but in both types of cases, the lump sum payable is not dependent on the age of the insured person. We will not recommend removal of age as a factor for determining the amount of lump sum payment, for we feel that age-related lump sum benefit would be more equitable. A suggestion has, however, been made that the Medical Board may certify the estimated age of the insured person at the time of assessment of the extent of loss of earning capacity which will operate in the absence of adequate proof of age. We endorse this suggestion and recommend that appropriate provisions may be made in the Regulations.

Amendments Relating to Cash Benefits

11. Government of India have under consideration proposals to modify the benefit structure under the Act. The qualifying conditions

for admissibility to sickness benefit and maternity benefit are proposed to be liberalised and simplified. The present conditions regarding payment of contributions for 2/3rds of the number of weeks for which an insured person is available for employment, subject to a minimum of twelve for sickness benefit and the additional condition of payment of one contribution between thirty-five and forty weeks prior to the expected date of confinement for maternity benefit have been found complicated and administratively costly. We agree with the new proposal which lays down the qualifying condition as payment of thirteen weeks contribution in a contribution period of twenty-six weeks to entitle an insured person to claim sickness or maternity benefit in the corresponding benefit period. The duration of sickness benefit which is calculated with reference to a continuous period of 365 days will, according to the proposed amendment, be calculated with reference to any two consecutive benefit periods. We believe this will remove the difficulty of the insured persons in understanding the present provision of 365 days' cycle. The scope of maternity benefit is also, it is understood, sought to be enlarged to provide the following additional benefits :

- (a) Payment of maternity benefit for the unexpired period on the death of the insured woman during her confinement or later if she leaves behind the child ;
- (b) Grant of maternity benefit for six weeks in case of miscarriage ;
- (c) Grant of additional maternity benefit upto one month in case of sickness arising, out of pregnancy, confinement etc.

12. A standard rate of sickness benefit is proposed to be fixed corresponding to each wage group so that it may not be necessary to calculate the rate of benefit in each individual case. The rate of sickness benefit, however, remains at the level of approximately half of the average wage for the group. The rate of disablement and dependant's benefit is proposed to be fixed at 25% over and above the sickness benefit rate. The limitation regarding the payment of dependant's benefit to the children upto the age of fifteen years except when they are receiving education, is proposed to be removed. The benefit is proposed to be given to the children upto the age of eighteen years and also beyond that age if they are infirm.

13. The adjudication of employment injury claims is also proposed to be simplified by making certain specific provisions in the Act. For instance, an accident arising in the course of an insured person's employment, shall be presumed, in the absence of evidence to the contrary, to have arisen out of the employment. The following accidents shall be deemed to have arisen out of and in the course of employment :

- (a) accidents happening while acting in breach of Regulations ;
- (b) accidents happening while travelling in employers' transport ;
- (c) accidents happening while meeting emergency.

14. We agree with the proposals to modify the legal provisions relating to the grant of cash benefits and we have no doubt that the Act when amended will be an improvement over the present position.

Quantum of Cash Benefits

15. We considered the provisions of the Act with regard to the quantum of the cash benefits available and the duration for which they are admissible. Several suggestions have been made for enhancement of the daily rate of benefit for sickness from the present rate of 50% of the wages to 75% to 100% of the wages. There are financial and other implications involved in this proposal. We, therefore, do not recommend any change in the present quantum of sickness benefit rate which is in accordance with the international practice. On the other hand, a view was also expressed that the rate of sickness benefit may be reduced during the period that an insured person is undergoing treatment as an indoor patient in a hospital. We have examined this suggestion but feel that in the conditions of our country this will not be a proper step. While the insured person himself may be in hospital, the needs of his family do not decrease in any way. If anything, there is increase in expenditure on transport etc. for commuting the distance between the residence and the hospital. We, therefore, do not support this suggestion. The position with regard to maternity benefit where the daily rate of benefit has already been increased to double the sickness benefit rate, is also satisfactory. However, the maximum duration of fifty-six days for which sickness benefit is now available during any period of three hundred and sixty-five days and will hereafter be available during two consecutive benefit periods (after the amendment to the Act), in our opinion, needs review, as it falls far short of the requirements of the I.L.O. Convention on (Minimum) Standards of Social Security which prescribes a period of thirteen weeks for developing countries and twenty-six weeks for others. In most of the countries the maximum duration for sickness benefit is twenty-six weeks. We recommend that steps should be taken to increase the duration from fifty-six days to thirteen weeks (ninety-one days) as a first step with an ultimate objective to increase in accordance with the said Convention. There may be no significant increase in the financial liability of the Corporation with the lengthening of the maximum duration, particularly now that extended benefit at the full sickness benefit rate for a period of three hundred and nine days is already available in the case of nearly all protracted diseases. We would, however, like to clarify that with the increase in the duration of sickness benefit, there should be corresponding reduction of thirty-five days in the period of extended sickness benefit so that the total period for which benefit is available in the case of specified illnesses remains three hundred and sixty-five days as at present.

Conditions for Extended Sickness Benefit

16. There is also a strong case for liberalising the conditions for title to extended sickness benefit. The present condition of two years

continuous employment is reported to have worked hard in the case of many insured persons who have been more or less permanently employed in insurable employment but for some reason or the other could not qualify for sickness benefit during the crucial four contribution periods preceding the benefit period in which their spell of illness began. The Corporation, at its meeting held in February, 1963, considered this matter and delegated to the Director General, powers to relax the conditions for entitlement to extended sickness benefit in suitable cases. While this should cover most cases of hardship, we think that it would be preferable to have a provision which is capable of uniform application. When there is an element of discretion, there is always a danger of some deserving cases not getting the benefit. It may be difficult to ensure a uniform standard all over the country. It would be more equitable to reduce the qualifying period from two years to one and a half years. In cases where eligibility to extended sickness benefit is determined by reference to eligibility for sickness benefit during the past contribution periods, an insured person who has qualified in any of the three contribution periods during the last four consecutive contribution periods, should be entitled to extended sickness benefit.

17. At present the insured person is entitled to receive sickness benefit for the second spell of T.B. and other specified diseases beginning after an interval of not less than twenty-four months from the termination of the earlier spell for the same sickness, if he qualifies for extended sickness benefit for a second time. This condition has caused hardship in certain cases. We suggest that the extended benefit may be allowed for the second and subsequent spells if there is an interval of not less than twelve months after the termination of the previous spell and the insured person has qualified for sickness benefit in the intervening contribution periods. This along with our recommendation to increase the duration for sickness benefit from eight to thirteen weeks, should improve the position considerably.

Employment Injury Benefit

18. The position with regard to employment injury benefits is, however, different. It can be said that employment injury sustained by an insured person is essentially a consequence of his employment and he should not be made to suffer any substantial reduction in his normal income if he is disabled due to an accident arising out of and in the course of employment. There is, however, another important consideration namely that a provision of this type may encourage a tendency to prolong disability in temporary disablement cases and this cannot be lost sight of. Furthermore, enhancement of the rate of employment injury benefit is bound to throw a heavy burden on the finances of the Corporation and, in any case, any increase in the quantum of benefit will have to be accompanied by a similar increase in the rates of contribution. One of the members is of the view that in such cases the benefit should be at the full average wage rate. We, however, feel that it should be possible to increase the rate of employment injury benefit,

by 30% over and above the sickness benefit rate for the time being and we recommend accordingly.

19. The assessment of the percentage of loss of earning capacity for purposes of permanent disablement benefit is based on Schedule I to the Workmen's Compensation Act 1923, which, according to the Employees' State Insurance (Amendment) Bill 1965, is intended to be adopted as Schedule II to the Employees' State Insurance Act without any change. The employees' organisations have expressed the view that this schedule, particularly part II thereof which gives "lists of injuries deemed to result in permanent partial disablement" is too rigid. The schedule according to them, does not allow any discretion to the Medical Board in regard to cases of combination of injuries and non-schedule injuries and, is, therefore, not fair and equitable. They have strongly urged early review of the schedule and its amendment to allow the Medical Boards fair amount of discretion to enable them to judge the disability by relation to the actual work and training of the injured persons. We agree with what has been said above and recommend an early setting up of an expert committee to review the schedule in the light of the foregoing and to make suitable recommendations about the system of assessment of the loss of earning capacity taking into account the practice in other countries.

20. The Amending Bill referred to above also provides for the adoption of Schedule III to the Workmen's Compensation Act regarding the list of occupational diseases as Schedule III to the Employees' State Insurance Act. Provision is also proposed to be made to enable the Corporation to add to the list for occupational diseases as and when necessary. We think it is a step in the right direction.

Grant-in-aid to Safety Associations maintained by the industry

21. A suggestion was made that in view of the interest of the E.S.I. Corporation in measures for safety in industry and prevention of accidents, the Corporation might give financial assistance to private organisations engaged in research in this field. The Council of Industrial Safety, Bombay, was particularly mentioned as an organisation which was doing useful work in this field.

22. It is appreciated that the prevention of accidents would ultimately lead to less claims for disablement and less expenditure on employment injury benefits. The President's Conference on Industrial Safety held in New Delhi recently has put forward certain ideas and proposals regarding setting up of a National Safety Council in which all interests concerned with Industrial Safety would participate. We recommend that the E.S.I. Corporation should actively associate with it.

Review of Benefits

23. Another matter to which we wish to refer is the need for review of permanent disablement benefit and dependant's benefit rates with change in the level of wages/cost of living. The view generally expressed and shared by us, is that the rates of permanent disablement

benefit and dependant's benefit should be reviewed periodically to bring them in line with the prevailing cost of living. We recommend quinquennial review of these rates at the time of the valuation of the assets and liabilities of the Employees' State Insurance Corporation by an actuary approved by the Central Government. The increase should neutralise the rise in the working class cost of living.

Waiting Period

24. The Act provides for an initial waiting period of two days for drawal of sickness cash benefit. The waiting period is imposed only for a spell of illness which is separated from the previous spell by more than fifteen days. Suggestions have been made that the right to sickness benefit should begin from the very day of abstention from work as the workers' earnings are generally interrupted from the day he falls sick and starts abstention. In principle, there appears to be no reason why a person who is insured against sickness should not have a right to benefit at the same time as his wages loss begins. Experience, however, shows that there are good reasons for delaying the payment of the benefit for a brief period. The main reasons for the provision of a waiting period are :

- (a) An insured person normally has resources sufficient to tide-over the difficulties for atleast 2 days. "Social Insurance" against such a relatively small risk is, therefore, considered unnecessary.
- (b) If all spells of sickness are to be compensated, irrespective of the duration, the number of claims to be paid will increase considerably and so will the administrative load and its cost.
- (c) The cost of processing a claim, whether it is for a short spell or for a long spell, is the same. Therefore, larger percentage of claims of short duration will push up the cost of administration disproportionately.
- (d) Inclusion of a large number of spells of sickness which last for one or two days only, results in considerable increase in the total amount of benefit to be paid and consequent increase in the contributions payable by employers and employees.
- (e) The requirement that the workers should support the entire cost of the first two days of sickness invokes to some extent, the insurance technique of 'co-insurance'. This, in turn, helps the administrative agency to control possible abuse and to check malingering.
- (f) Absence of waiting period may considerably increase the tendency to feign illness and to convert weekly holidays into period of sickness.

25. Health insurance schemes in most countries have a provision for waiting period ranging from one to thirty days. India is one of the very few countries which have a waiting period of two days only. Most countries have a much longer period of 'no compensation'. A few countries which have no waiting period at all are generally those where the

schemes are completely non-contributory. The I.L.O. convention on (Minimum) Standards of Social Security provides for a waiting period of three days.

26. We feel, therefore, that provision of a waiting period in case of sickness benefit is based on sound principles and we would not like to alter it. The stipulation that in a spell of sickness falling within fifteen days of the termination of the previous spell for which sickness benefit was paid, there will be no waiting period and sickness benefit will be paid from the very first day of certified sickness, is an adequate safeguard for the insured persons who fall sick repeatedly.

27. A suggestion has also been made to modify the present provision. Instead of an absolute waiting period of two days it may be made conditional on an insured person being certified sick for a continuous period of three weeks. Once he crosses the limit laid down, benefit should be paid from the very first day. We see no particular objection to this modification except that this may increase administrative work and perhaps, also the cost. We would rather leave the matter for the examination of the Corporation, in due course, by reference to the actual number of cases where the spells of sickness last for three weeks and more and the financial implications of the proposal.

28. The employees' representatives on the Committee are, however, of the view that there should be no waiting period. They feel that the loss of benefit during the first two days is quite serious.

Provision of Other Benefits

29. Suggestions have also been made for improving the contents of the benefit provisions under the Employees' State Insurance Act. Among additional benefits have been mentioned death grant, funeral benefit, invalidity grant, and survivorship pension. The Amendment Bill has a provision for funeral grant at the rate not exceeding Rs. 100 payable on the death of an insured person. We agree that it is a good addition. Provision for death grant would be another useful addition to the benefits which may be considered in course of time.

30. There is provision against the risk of disablement and loss of life due to employment accidents but there is no such protection available for permanent disability caused by accidents outside the employment. There is, therefore, not much scope for difference of opinion regarding the advisability of providing invalidity and survivorship pensions. The better course, however, would be to tag them on to the old-age pension scheme when it comes.

No Claim Bonus

31. With a view to discourage malingering, it was suggested that insured persons who do not claim any benefit during the year, may be awarded a 'no claim bonus'. We do not, however, subscribe to this view. Social security schemes are designed to provide relief in case of need. There is no point, therefore, in providing for cash benefit in cases

where the need has not arisen. In fact, a contrary view has been indicated by some medical men who feel that the provision of such an incentive in the health insurance scheme might lead to a tendency to avoid medical consultation and treatment even when an insured person is ill. He may be tempted to cash the 'no-claim bonus' rather than take timely treatment, particularly, if he is afflicted with illness near the close of the year. This is a serious risk and must be avoided. There are other reasons why such a suggestion cannot be supported :

- (a) After the extension of medical care to families of insured persons, there may be hardly any case where no member of the family may need medical attention. Award of 'no-claim bonus' will be possible only if medical care facilities are not availed of at all by the insured person and his family members.
- (b) An elaborate administrative machinery will be required for keeping record of services rendered to each insured person and for determining the eligibility to 'no-claim bonus'.
- (c) At present only a percentage of total number of insured persons claim cash benefits in a year. If 'no-claim bonus' is given, the number of claims to be paid at the local offices will increase substantially as every insured person will get either a claim for normal benefit or a claim for bonus. The administrative cost will correspondingly increase.
- (d) It may not be possible to grant 'no-claim bonus' at the existing contribution rates which may have to be increased to provide for this additional charge on the funds.

32. During oral evidence tendered on behalf of the employees union, T.C.C. Aluminium Industry and F.A.C.T. at Ernakulam, it was mentioned that there was no reduction in absenteeism even on the introduction of a good attendance incentive bonus scheme. As mentioned elsewhere, there is no evidence before us to show that absenteeism in industry has shown a significant increase after the introduction of the E.S.I. Scheme or that there has been malingering on a large scale.

33. We are of the opinion that the introduction of a scheme of 'no-claim bonus' is not likely to solve the problem of absenteeism. An alternative suggestion that has been made is that for insured persons who do not claim sickness benefit during a year, there may be a provision for the extension of the maximum duration of benefit in the succeeding year. Although in principle, there may be no objection to such a provision, we do not think that this would be of much benefit. We have already recommended increase in the duration of sickness benefit from fifty-six days to ninety-one days in a year as a first step with an ultimate objective of increasing the maximum duration to twenty-six weeks. In addition, there is also a provision for payment of extended sickness benefit in most long-term diseases for a period of three hundred and nine days after availing ordinary sickness benefit. In the circumstances it would be a great strain on the resources of the Corporation if a 'no-claim bonus' is also to be given. We suggest that the question may be further examined by the Corporation at a future date.

CHAPTER VII

DISBURSEMENT OF CASH BENEFITS

Introductory

In the previous Chapter we have discussed briefly the various types of cash benefits available under the Employees' State Insurance Act and the provisions to regulate their payment. In this Chapter we propose to deal, in broad terms, with the processes of receipt, determination and payment of claims.

2. The Scheme is administered by the Corporation through Regional Offices set up in each State. The Regional Offices have under their control a net-work of local and sub-local offices which constitute the initial point of contact between the beneficiaries and the Employees' State Insurance Corporation. The local and sub-local offices have been located in industrial areas. There may be more than one local office in any one area, city or town. At the time of registration the insured persons are allocated to the local offices employerwise, each local office having a group of employers under its jurisdiction.

3. Originally, the insured persons were given a choice of the local office and they could select any local office which, they thought, was suitable. Later, it was found that it would be more convenient, both from the point of view of the Corporation and the insured persons themselves, if all the employees of a particular factory or establishment were attached to the same local office. The reallocation was made gradually during the last four to five years. The main consideration which led to this decision was the need for decentralisation of the work connected with the maintenance of contribution cards and calculation of the rate of benefit which forms a vital part of the process of claim-determination. This was possible only if the employees of an establishment were attached to the same local office.

4. As has been explained elsewhere, the local offices are of different sizes, depending on the size and concentration of work-places within a reasonable distance from the local office. Thus, there are local offices dealing with more than 20,000 insured persons and others dealing with less than 3,000. Within this range, there are various grades of local offices. There are at present about 370 local offices and sub-local offices all over the country.

5. Regulations have been framed regarding the manner of making a claim for cash benefit, the evidence required in support of a claim, authority for certifying eligibility to claim, persons competent to issue medical certificates, time within which a certificate must be submitted, notice of accident, the maintenance of accident book by the employer, constitution of Medical Boards and Appeal Tribunals, reference to Medical Board, reporting of death of an insured person due to employment injury, issue of death certificate, submission of claim for dependant's benefit, review of dependant's benefit, notice of pregnancy,

certificate of expected confinement, certificate of confinement, and other allied matters.

6. A typical local office possesses a structure and follows procedures which enable processing of claims for cash benefit. Depending on the size of the local office, there may be a receptionist available to assist claimants in filling up forms etc. Counter-clerks, who are usually lower division clerks, receive claims for sickness, employment injury and maternity benefits accompanied by medical certificates; render assistance if there is no receptionist; diarise the claim, determine the eligibility to and rate of benefit by reference to the relevant contribution card previously received from the employer and calculate and enter on the benefit file the amount of benefit to be paid. They prepare, in addition, a benefit docket and a benefit payment slip. If, however, no claim is due, a formal regret slip is prepared. A checker, usually of the status of an upper division clerk, checks the calculations made by the claim-clerk. The papers are then passed on to the local office manager who checks the essential information and orders payment by an endorsement on the claim docket. The papers then move on to the cashier who makes the payment after getting an acquittance on the claim docket. The cashier simultaneously enters the particulars of the payment made on a schedule of benefits paid for the day and also endorses the benefit file and the claim docket to certify that the payment ordered has actually been made.

7. The claimants usually wait while the foregoing operations are being completed. The employment injury claims are generally preceded by an accident report and, wherever necessary, by an investigation on the site of the accident by a staff member, usually an upper division clerk, or the manager himself, depending on the nature of the accident. For maternity benefit, the claim depends on a notice of pregnancy, a certificate of pregnancy (issued not earlier than seven days from the date of notice), a certificate of expected confinement (issued not earlier than 50 days from the expected date of confinement) and a certificate of confinement (issued within 30 days of the date of confinement).

8. The local office managers are of two grades, depending on the size of the local office they control and have full powers to admit claims for sickness, maternity and temporary disablement benefit. Claims in respect of permanent disablement benefit and dependants' benefit have to be referred to the Regional Office for decision. We note that powers have not been delegated to the local offices to determine eligibility of claims to these long-term benefits.

9. The question as to whether disablement arising out of employment injury should be treated as permanent disablement, has to be referred to the Medical Board. Reference to the Medical Board can be made at the request of the disabled person, or his employer, or any registered employees' union, or by the Corporation itself, or on the recommendation of the Insurance Medical Officer/Practitioner. The local office refers the case to the Regional Office for medical boarding on receipt of a request from or on behalf of the insured person or if the

Insurance Medical Officer/Practitioner indicates on the medical certificate that the case might result in permanent disablement. The Regional Office then takes steps to arrange for medical examination by the Medical Board. The Medical Boards are constituted by the State Governments and generally consist of three medical experts. The Medical Board submits the report to the Regional Office as to whether the disablement should continue to be treated as temporary and, if so, the next date for reference to the Medical Board; or whether disablement can be declared to be of permanent nature and if so, whether the extent of loss of earning capacity can be assessed provisionally or finally; the assessment of the loss of the earning capacity; and in case of injury caused by an occupational disease, whether the disablement is due to such a disease. For the purposes of assessment of the loss of earning capacity, the Medical Board is guided by Schedules I and II to the Workmen's Compensation Act, 1923, which after the amendment of the Employees' State Insurance Act, will form a part thereof. The Regional Office thereupon indicates to the insured person, through his local office, the recommendations of the Medical Board and its own decision. The insured person and also the Corporation have a right to prefer an appeal against the decision of the Medical Board, if they are dis-satisfied with the recommendations of the Board. For this purpose there is a provision for the constitution of Appeal Tribunals. A Judicial Officer of the State is the Chairman of the Tribunal and he is assisted by assessors who may consist of one or more medical experts and one or more officials of trade unions. The insured person on receipt of the recommendations of the Medical Board or of the decision of the Appeal Tribunal, as the case may be, submits to the local office a formal claim for permanent disablement benefit.

10. The evidence for claiming dependant's benefit consists of a certificate of death and proof of dependency. As dependant's benefit is payable only in case of death as a result of an employment injury, the Insurance Medical Officer/Practitioner must state in the medical certificate whether death is due to some injury. There are also other formalities to be completed regarding submission of satisfactory evidence of age and the proof of dependency of the claimant. As in the case of claim for permanent disablement benefit, claims for dependant's benefit must also be referred to the Regional Office for decision. On receipt of a claim or claims for dependant's benefit in respect of the death of an insured person, and after making such inquiry as may be necessary about the circumstances and cause of death and about the persons who may be entitled to dependant's benefit, the Regional Office issues to such persons, as appear on inquiry, to be entitled to dependant's benefit, and who have not submitted a claim for such benefit, a notice for submission of claim within a period of 30 days from the date of such notice. The notice indicates the relevant provisions of the law and the procedure for submission of a claim. The scrutiny of the claim for dependant's benefit requires examination of the circumstances leading to death of the insured person, including, post-mortem examination, if necessary, and of the title of the claimants. After the expiry of the

period of the notice, the Regional Office indicates the decision of the Corporation in regard to the claim of each of the dependants, to the dependants concerned or to their legal representative, or in the case of a minor, to his guardian. There is provision for review of dependant's benefit on change of circumstances e.g. after any beneficiary ceases to be entitled to the dependant's benefit by reason of marriage, re-marriage, death, age, or otherwise or if a fresh dependant is admitted to the claim by the birth of posthumous child or if some new facts effecting the distribution of the claim come to light. Payments for the permanent disablement and for dependant's benefit are made every month on receipt of a claim form. Adjudication of permanent disablement benefit and dependant's benefit claims has thus to go through a series of complicated processes.

Determination of Claims

11. There are two important considerations which arise in the determination of claims :

- (a) The need for uniformity in the policy all over the country ; and
- (b) Simplicity of procedures and elimination of delays in the payment of benefits.

12. Uniformity of policy in determination of claims requires co-operation between the central, the regional and the local offices, and a continuous flow of information to and fro. It also requires constant touch with the State Governments who are responsible for the administration of medical benefit under the Scheme. The Insurance Medical Officer/Practitioner who gives medical treatment and attendance to insured persons and issues medical certificates for incapacity is an important link in the adjudication of claims for benefits. Satisfactory provision of cash benefits for sickness, maternity, and temporary disablement depends to a considerable degree, on correct certification by him.

13. As regards the other consideration, namely, avoidance of delays in the determination of claims and payment of benefits, while several steps have already been taken by the Corporation in recent years to ensure this, yet the present system of claim taking and payment of cash benefit at the local offices is complicated, time-consuming and full of formalities. The insured persons find it difficult to understand many of the processes and, therefore, do not much appreciate the procedures. Some of the procedural steps seem to have been introduced only to ensure compliance with normal government accounting and procedures e.g., the recording of pay order on claim dockets and also endorsement regarding the amount having been paid. In a social security organisation, where the field offices have to deal with hundreds of thousands of claims, each individually for a small amount, there is great need for making the procedure simple and straightforward with, of course, adequate safeguards against defalcation or misuse of the funds.

14. Steps have been taken from time to time to rationalise and streamline the procedures. During the Asian flu period in 1957, when incidence of claims for cash benefit suddenly rose and there was an acute shortage of staff in the local offices due to a large number of the

Corporation employees having themselves been affected by epidemic, many steps in the claimtaking process were eliminated. The original procedure was, however, restored soon after the position came to normal. This was not because the elimination of certain processes was found to involve risk of defalcation etc., but because the simplified procedure was not in line with the government accounting processes. There was another occasion for rationalisation of the procedures, soon after the declaration of emergency in October, 1962. The authorities realised that the situation needed great care to ensure that production in industry was not affected in any way and that the lengthy and complicated procedures in the processing of claims at the local offices need not be allowed to keep the insured persons away from their place of work for long periods. In order, therefore, to ensure that insured persons did not have to wait at the local offices longer than absolutely necessary, the Corporation ordered elimination of a lot of paper work and decentralised to the local offices many of the functions which were previously performed at the Regional Offices.

15. Among the specific measures adopted to achieve speed, efficiency and economy, the following may be noted:

- (a) The re-allotment of employees to local offices employer-wise ;
- (b) Decentralisation of the work relating to the registration of insured persons and simplification of the registration procedure to cut down unnecessary delays ;
- (c) Reduction in the number of documents to be prepared at the time of registration ;
- (d) Decentralisation of the maintenance of contribution cards and calculation of rate of benefits ;
- (e) Simplification of procedure for filling in claim forms by eliminating unnecessary details ;
- (f) Revision of certain forms with a view to reducing avoidable writing work ;
- (g) Delegation to the local office managers powers of enforcement or relaxation of provisions of certain Regulations ;
- (h) Interim payment of sickness benefit for employment injury cases where determination of the claim for temporary disablement is likely to take time.

16. The policy of decentralisation is bearing fruit. In a recent I.L.O. Study it was stated that "In view of the necessity to settle claims for benefit without undue delay, specially those, such as sickness and employment injury benefit for which claims cannot be made until the contingency insured against has actually arisen, it is desirable that the benefit papers should remain in the local office, at any rate, so long as benefit continues to be payable, that the contribution records of the insured persons should be readily available for reference, if required, in order to confirm title to benefit". The present practice of the Corporation, therefore, is in full accord with the thinking in the international field.

17. We would suggest that the process of decentralisation should be continued till it is ensured that all matters concerning determination of claims for short-term benefits are finally settled at the local office level without reference to the Regional Office except in cases of doubt. Before long the contribution cards should also be received in the local offices and work with regard to exit and re-entry of insured persons should also be done there. With the re-allocation of insured persons employer-wise, this should be quite feasible. The process of simplification should continue. This is a matter where the need for constant vigilance and the Organisation and Methods Study for gradual improvement cannot be over-emphasised.

18. Some of the suggestions made to us are mentioned below for examination by the Organisation and Methods Division referred to above:

- (a) Elimination of formal claim form ;

(It is suggested that the submission of the medical certificate may be taken as an application for benefit and the declaration of abstention may be obtained on the receipt which may form part of the medical certificate).

- (b) The Benefit Payment Docket and the Benefit Payment Slip need not be prepared ;
- (c) The acquittance of the insured person may be taken on the Schedule of Payments.

Review of "No Contribution Card" cases

19. A difficulty which was brought to our notice was that when the employer did not send the contribution card, the insured person was not able to get payment promptly. There is at present no system for the review of the records to pick out cases of individual insured persons where contribution cards have not been received. This is discovered generally when the insured person prefers a claim and the local office finds that his contribution card has not been received. He is then given a proforma on which he gets the information from the employer regarding the contributions paid in respect of him in the relevant contribution period. The benefit payment is made on receipt of the information from the employer. This does not appear to be consistent with the law which entitles the insured person to claim benefit if contributions in respect of him were *payable* (and not paid) during the corresponding contribution period. This means that so long as the insured person was in employment, for the minimum necessary period, he or she is entitled to claim sickness or maternity benefit if he or she is duly certified sick etc. It is, therefore, necessary to have a procedure for picking out 'no contribution card' cases immediately after the end of the contribution period so that the contributory record of every insured person is complete before the commencement of the corresponding benefit period. In cases where there is reasonable evidence that the insured person was in employment, he should be 'deemed' to have paid contributions even if his

contribution card is not received. In United Kingdom the work on 'no contribution card' cases starts three months before the beginning of the benefit period so that the record of practically all insured persons is complete well before the commencement of the benefit period. This has virtually eliminated delay in the settlement of claims because of non-receipt of contribution card in that country. Details of the procedure must be thought out by the Organisation and Methods Division in the Corporation and implemented.

Benefit Units

20. Benefit record is at present maintained on benefit files, one for each insured person. The benefit files are filed in steel cabinets in insurance number order. Normally, one would expect that this should be an ideal system which should enable quick reference and recording of the benefit particulars. Unfortunately, however, the system does not seem to have been found satisfactory. During our visits to the local offices we have noticed that the benefit files are, in many cases, in deplorable condition. The cover page which contains all the material information regarding the benefit history of the insured person was found mutilated and torn in several cases. Contents of the benefit files which include, *inter alia*, medical certificates, rate calculation sheets, and accident reports, were getting too bulky in many cases and contained lot of old papers which were not required currently. A large proportion of benefit files were seen lying outside on the top of the steel cabinets, on the tables and on the racks and in many offices on the floor. We heard many complaints regarding the shortage of storage equipment and space leading to difficulty in proper handling of the records. Among other reasons mentioned for the failure of this system were:

- (a) The texture of the paper for benefit files is not suitable. The paper is too thin and too rough to stand wear and tear of constant handling. With the system of purchasing paper in the cheapest market, it was contended that no improvement was possible;
- (b) The system of handling records through record sorters results in large number of misplacement of benefit files. They are not traceable when required in many cases;
- (c) Shortage of benefit file cabinets which are a costly piece of equipment and which have not been able to keep pace with the growing size of the benefit files;
- (d) Shortage of adequate space in local offices;
- (e) Absence of effective and easy system of weeding out of old papers from the benefit files;
- (f) Absence of arrangement for hanging of benefit files in the drawers leading to the breaking of their edges.

21. We understand that the Corporation has already under consideration a proposal to replace benefit files by loose-leaf ledgers. We agree that the benefit file system has not worked well, whatever may be

the reason, and it may not be easy to effect any substantial improvement in them. We think that the loose-leaf ledger system may be more suitable to the conditions in which the local offices have to work and may eliminate most of the difficulties of the present system besides effecting considerable economy by way of saving in the equipment and space required for keeping records, and we, therefore, recommend an early change-over. The number of columns on the ledger sheet for recording information from the medical certificates etc. should, however, be kept to the minimum so that only information which is absolutely necessary is posted and time is not consumed in duplicating information which is already available on other records.

Delays in Payment of Cash Benefit

22. Despite noticeable improvement made in the processing of claims and payment of benefits, there are still complaints of delays. The insured persons have to wait long to cash their claims. While we may not attempt a quantitative analysis of the extent of delays, there is little doubt that whatever delay there is, is largely due to lengthy, complex and irksome processes and formalities involved. After passing through the receptionist counter, the insured person has to queue up at the claim counter. The claim clerk, as has been mentioned earlier, scrutinises the claim and records relevant information on the benefit file and prepares the benefit docket and the benefit payment slip. Thereafter these documents go to the checker and then to the manager who passes them on to the cashier. The cashier has also to prepare a Schedule of payment before effecting the payment. In the process, various records and documents have to be referred to. One of the remedies suggested to speed up payments is to adopt "Teller" system for small payments (say upto Rs. 25 at a time) with a machinery to check up claims and post the benefit files/ledger subsequently. The counter clerk may be authorised to make the payment after quick determination of title etc., upto Rs. 25 on the basis of the claim presented by the insured person. Subsequent payments in the same spell, even if exceeding Rs. 25, may also be made by the counter-clerk. He should function both as a claim clerk as also as a cashier. With the amendments to the contributory conditions for eligibility to sickness and maternity benefits and with the fixation of a standard rate of benefit it would no longer be necessary to go through a complicated process of calculating the rate of benefit. There will, therefore, be little risk of mistakes being made. In many other countries the claims for short-term benefits are paid in this manner. Initial checking up of the rate of benefit and the calculation of the claim amount is done by the counter-clerk who also holds the cash. He hands over the money to the claimant on a simple receipt. The checking of the entries is done subsequently by another clerk (usually an auditor) in respect of the claims paid during the day. If there is any mistake found, a communication is sent to the insured person on the very day asking for immediate refund of excess payment made to him or intimating that he has been paid less and that he can collect the balance from the local office.

23. We, therefore, recommend this system which will eliminate the necessity of a separate cash counter and will also ensure complete and simultaneous audit of the claim. The counter clerk should, however be either an experienced lower division clerk or, preferably, of the status of an upper division clerk. The amount of cash which a counter clerk will individually handle in a day will not be very large and, therefore, there may not be much financial risk involved. In India to-day many banks have adopted the "Teller" system for encashment of cheques upto the value of Rs. 1,000. We believe that there are no serious complaints against the system.

Delay in Settlement of Long-term Benefits

24. Some delay in the award of permanent disablement benefit after the termination of temporary disablement benefit is inevitable due to certain essential processes involved, namely, the reference of the case to the Medical Board, and the process of award of benefit. Efforts should, however, be made to reduce to the minimum the time required for award of the benefit. In a sample examined by us, it was found that a long interval of time had elapsed before the case was referred to the Medical Board after termination of temporary disablement. In several cases the Medical Boards met infrequently and took a long time to convey their recommendations. In many cases, the insured persons, due mainly to the delay caused by various administrative processes, left the place of work and were not available to appear before the Medical Board when called. We believe that most of these delays can be reduced substantially, if cases of permanent disablement are treated in the offices of the Corporation as *emergency cases*. The medical officer-in-charge of the case should invariably send his report and recommendation regarding the reference of the insured person to the Medical Board well before the issue of the final certificate in respect of his temporary disablement. The local office should initiate action immediately on receipt of the information from the doctor. Thereafter the case should proceed from stage to stage on a "high priority" basis. The arrangements for medical boarding should be made adequate wherever there are deficiencies and no one case should be allowed to wait for more than a few days for placing before the Medical Board. The maximum period should not exceed four weeks. In areas where the cases are not many, the Medical Board should meet as and when there is a case for examination so that no insured person has to wait too long for Medical Board assessment.

25. We would also like to make another suggestion. The Medical Board case file is, at present, prepared in the Regional Office by lay clerks. We suggest that papers with regard to the cases to be referred to the Medical Board should invariably pass through the medical officer of the Corporation who is usually the Medical Referee. The medical officer should carefully scrutinise the papers and ensure that all material that may be necessary for arriving at a correct assessment, has been included. He may have to obtain for this purpose case history

from the hospital where the insured person has had treatment and necessary investigation reports like X-rays etc., and specialists' reports for perusal of the Medical Board. In many countries photostat copies of the Medical Board cases are taken for advance distribution to the members of the Medical Boards. Till such time as copying machines become available in India, the Corporation can at least ensure that the papers are in the hands of the Chairman of the Medical Board at least three days prior to the date of the meeting so that he has an opportunity of studying the material before-hand. Similarly, it will speed up the disposal of the recommendations of the Medical Board if they are routed through the medical officer in the Regional Office, instead of being dealt with by lay men. The medical officer can advise if an appeal is necessary or the papers have to be sent back to the Medical Board for a review. We learn that in United Kingdom, cases involving references to Medical Boards and Medical Appeal Tribunals are dealt with in the office of the Senior Medical Officer attached to the Regional Office.

26. A suggestion has also been made that in areas where large number of cases are referred to the Medical Boards, there may be two types of Boards, one on which three members sit, to deal with the cases of non-schedule injuries and the other with only one member to deal with the cases of schedule injuries. The decision whether the case should be referred to a full Board or to a one-man Board should rest with the Chairman of the Medical Board. We commend the system for adoption in large industrial areas where the number of insured persons exceed one lakh.

27. Suggestions have also been made for making a provisional payment of permanent disablement benefit on the basis of the loss of earning capacity estimated by the medical officer of the Corporation. It has been suggested that 75% of the periodical benefit admissible according to the assessment of the medical officer may be allowed and adjustment may be made later when the recommendations of Medical Board have been received and accepted by the Corporation. We think that the better method would be to expedite action to obtain the recommendations of the Medical Board without much delay. While the suggestion made has great merit in case of serious injuries where there is no doubt of an award of a substantial percentage, there appears to be hardly any need for such an arrangement in a large number of cases where the loss of earning capacity is comparatively low. We recommend that where the estimated disablement is more than 25%, provisional payment upto 75% of the benefit may be made and adjusted later when the award of the Medical Board is available.

28. The officers of Employees' State Insurance Corporation have generally referred, *inter alia*, to the time taken by the internal auditors to clear the case before the decision is communicated to the insured person as the reason for the delay in settlement of claims for long-term benefits. There seems no justification for delay in the settlement of

claims for benefit for the reason that they require prior audit. This involves, as has been pointed out, the re-examination of the original decision taken by the local office manager/Regional Director regarding the case being that of "employment injury". It is understood that at the stage when the case is declared as that of permanent disablement, the internal auditors have to certify that the decision regarding the employment injury taken initially was correct. This process sometimes, it is stated, causes serious delays, as papers have to move to and fro for disposal of queries raised by the audit officer and in some cases it involves reference to the Headquarters also. While we do not underestimate the value of audit and proper scrutiny in the case of benefits which involve the Corporation into a long term liability, we feel that once the case has been admitted as that of an employment injury by a competent authority and the insured person has been paid temporary disablement benefit, there should be no occasion thereafter to reopen the original decision unless the appropriate authority discovers some fraud or other facts necessitating a reversal of the earlier decision. We have been told that there has been practically no case where the original decision had to be reversed. That being so, we suggest appropriate modification in the procedure with a view to ensure speedy pronouncement of award. If necessary, Regulations may be suitably amended to make it possible. It may be possible to eliminate pre-audit of these cases and it may be sufficient to rely on the normal percentage post-audit.

Time-Limit for Payment of Benefits

29. While discussing the question of timely payment of benefits, it may be relevant to draw attention to Regulation 52 of the Employees' State Insurance (General) Regulations, 1950, which lays down the time-limits within which benefits shall be paid under the Act. These are: seven days for sickness benefit, one month for the first payment of maternity benefit or temporary disablement benefit and six months for first payment in respect of permanent disablement or dependant's benefit, after the claim has been preferred. We feel that these time limits, particularly, for maternity benefit, permanent disablement benefit and dependant's benefit, are excessive and should be reduced to fourteen days, one month and three months, respectively. Moreover, these time limits should be considered as the maximum in exceptional cases and should not be taken as permissible limits for all cases. Satisfactory machinery should be devised to inform the claimant, in the first instance, of all that he is required to do. The initiative should not rest with the claimant alone.

Remittance by Money Order

30. The Corporation allows option to the insured person to ask for remittance of cash benefit by money order. The money order commission is borne by the Corporation itself. It has been generally found that very few insured persons avail of this facility and, by and large,

the benefit is collected at the local office by a personal visit. The reasons mainly are :

- (a) The anxiety of the insured person to obtain money due to him on presentation of the claim instead of waiting for the money order to come ;
- (b) Absence of proper address in many cases ;
- (c) The delay which occurs in remittance through money order.

31. Some respondents to the questionnaire have suggested that payment by money order may be made the normal mode of remittance with an option to the insured person to receive the payment at the counter if he so desires. This suggestion has to be carefully considered in the context of the existing postal services available in various parts of the country and the fact that large percentage of insured persons do not have permanent postal addresses. The best course would be to give the insured persons, as is being done at present, the option to ask for payment by money order, if they so desire. The fact that the option is available should be freely publicised and made known to the insured persons through notices and placards hung at the dispensaries, local offices and at the premises of the factories. The local office should have a specific machinery for disposal of applications for remittance by money order. Normally all requests for money order received on a particular day should be disposed of the same day. It should be the duty of the local office manager to ensure that there is no breach of this rule. With the elimination of delays in disposal of requests for remittance by money order, insured persons will be encouraged to ask for the payment in this manner instead of waiting at the counter in the local offices. This will, incidently, quicken the work in respect of the remaining insured persons who decide to collect the payment at the counter.

Refund of Benefit Paid in Excess

32. In some cases cash benefit is paid in excess to claimants by mistake. Automatic adjustment of the over-payments against future dues of cash benefits is, perhaps, not permissible. We think that this is not a satisfactory position. If there are any impediments in the ESI Act against refund or adjustment of overdrawn payments from future receipts, they should be removed. It appears to be a normal practice in social insurance institutions in other countries in case of excess payment made due to clerical error etc., to ask for refund, failing which, to make adjustments from future payments. A straight-forward and simple procedure would be to send to the claimant immediately after the payment has been made, a written intimation regarding the excess amount paid to him and to request him to refund the amount. If he does not do so, a red ink entry may be made in the benefit file and the amount may be adjusted against any future amount payable to him. What is really necessary in this case is to ensure that the intimation regarding the excess amount paid is issued within twenty-four hours of

the payment. This would be possible if the checking or audit of the claim calculations are made immediately after the payment is effected.

33. Mistakes coming to notice should be properly investigated to ascertain the cause. The cases of proved repeated negligence and of carelessness, and omissions should be brought to the notice of higher authorities for proper action against the staff concerned.

Alternative Evidence of Incapacity

34. Regulation 53 of the ESI (General) Regulations, 1950, empowers the Corporation to accept, as evidence of incapacity, medical certificates from out-stations submitted by insured persons. The Corporation has laid down certain procedure for admission of such certificates as evidence of incapacity. It is understood that the Corporation offices sometimes find it difficult to distinguish between a genuine and a false case. The insured persons are aggrieved that their certificates are not always accepted. The employers, on the other hand, complain that the Corporation is too generous in accepting out-station certificates without proper enquiry. The fact remains that this facility, given primarily to meet extraordinary situations where the insured person is, because of his disability, unable to reach the Insurance Medical Officer, is open to abuse.

35. While it is difficult to suggest that there should be no provision to deal with exceptional cases where an insured person does need abstinence at a place away from his normal place of residence, or work and has necessarily to produce a certificate from a private doctor, there should be an effective machinery available for proper check on such certificates so that abuse of the privilege may be rendered difficult. If cases of doubtful nature are subjected to a careful scrutiny accompanied by personal interrogation of the insured person by field officers it should be possible to come to a correct decision in most of them. While no genuine claim should be rejected, the Corporation should exercise due control over claims for benefit on private medical certificates. The suggestion to limit the duration of benefit in order to discourage its abuse does not appear to us to be sound. Either a person is ill or he is not. It will be difficult to interfere with the duration as certified by a medical authority. Any arbitrary limit on the acceptance of alternative evidence may result in denying benefit in genuine cases of sickness. The Corporation should, however, enforce compliance with the Regulations regarding the frequency of out-side medical certificates and their submission within a prescribed time.

Working of Sub-Local Offices and Pay Offices

36. It may be relevant to make a brief reference to the administrative machinery for payment of benefits in areas where the number of insured persons is comparatively small. The Corporation has set up in such areas sub-local offices with a staff consisting of one clerk and one record sorter, under the administrative control of a local office or pay-offices where a cashier goes periodically. In some areas, sub-local offices are situated at long distances from the parent local office, in several

cases 50 miles or more. The clerk in the sub-local office is not authorised to sanction payment. The papers have to move to the parent local office and back. The benefit record is also generally kept at the local office and the sub-local office merely acts as a post office for collection of claim papers and later for disbursement of benefits on receipt of intimation from the local office. Cross references not being practicable, the staff at the sub-local office do not know why a particular claim has not been sanctioned. The actual experience of the sub-local offices has shown that in several cases, there are long delays. The insured persons in the area feel unhappy that despite their contributing to the scheme in the same way as insured persons do in other areas, they do not get the same facility for encashment of their claims. Under this system the delays are inevitable. The only line of reform that can be suggested is to convert these sub-local offices into small-size local offices and to post therein junior officers with powers to pass claims for short-term benefits. While a sub-local office may be economical, it is unsatisfactory from the point of view of prompt and efficient service. The rise in administrative expenditure consequent upon the upgradation of the sub-local offices will be insignificant and would be amply justified by the prompt settlement of claims which should be the first objective of the Corporation even if it has to incur a little extra cost on it. With the extension of the Scheme to smaller undertakings, as we have recommended elsewhere, most of the areas where sub-local offices have been established would, in any case, have to cater to much larger number of insured persons and would, therefore, become viable. We think that the institution of sub-local offices should be an exception rather than a rule.

37. In heavily congested areas where the local offices have high load of work, the insured persons are put to considerable inconvenience in collecting their benefits. It has been suggested in this regard that payment of cash benefits to employees of large undertakings may be made by the local offices at the employers premises by sending their cashier once or twice a week as may be necessary. The employers should provide necessary facilities for the purpose. We are of the view that this should be adopted wherever employers are prepared to make available such facilities.

38. As regards the pay offices, the position does not appear to be much different. As mentioned above, a cashier from the local office visits the pay office periodically for disbursement of payments and for collection of new claims. His visit does not, in many cases, coincide with the visit of the concerned insured persons and this causes delay in effecting payments. We suggest that the system may, as far as possible, be replaced by the system of remittance by money order.

CHAPTER VIII

MEDICAL BENEFITS—ADMINISTRATION

Medical benefit is the king-pin of the Employees' State Insurance Scheme, and the extent of the success of the Scheme is judged, and rightly so, largely on the scale and quality of the medical benefits available to the insured persons and their families. At the same time, satisfactory provision and administration of medical benefits pose greater and more complicated problems compared to the administration of other benefits. From the financial point of view also, the importance of medical benefits cannot be over-emphasised. They consume, today, slightly more than half of the total expenditure under the Scheme. With further extension of the Scheme, coverage of medium and small centres, provision of more hospital beds and coverage of families of insured persons for full medical services, the expenses on these benefits are bound to rise greatly and might have a decisive significance in the budget of the Corporation.

2. The insured person looks upon medical benefits as something for which he has been paying regularly out of his meagre pay-packet. He is, therefore, not prepared to accept a mediocre or indifferent service which shows little or no consideration for him as an individual. It should not, therefore, surprise anyone that the bitterest, most persistent and widespread complaints against the Scheme are directed at the quality of medical benefits provided for the insured persons.

3. The medical benefits under the Scheme are also of great significance for public health. Already, the number of persons served by these benefits is well over one crore including the insured persons' families. With further extension, this figure will approach about three crores, which is not a negligible part of the country's total population. Besides, in many industrial centres as much as half or more of the total population is served by the Corporation. What happens to the health of the insured persons and their families has, therefore, a major impact on the health of the whole community in such centres. It is, therefore, of the utmost importance that the scale and the quality of medical benefits provided under the Scheme should be as high as possible.

Title

4. The Act provides that an insured person or (where such benefit is extended to his family) a member of his family, whose condition requires medical treatment and attendance, shall be entitled to receive medical benefit. Such medical benefit may be given either in the form of out-patient treatment and attendance in a hospital, dispensary, clinic or other institution or by domiciliary visit or treatment as in-patient in a hospital or other institution. Title to medical benefit exists so long as a person is in insurable employment or is qualified to claim sickness benefit, maternity benefit or temporary disablement benefit. There is a

free insurance period for medical treatment after a person has been in employment for thirteen weeks or more which ranges from six months to nine months, depending on his contribution record. In the case of an insured person suffering from a specified long-term disease, like tuberculosis, leprosy, cancer, etc. the title to medical benefit is extended, if he satisfies certain contributory conditions, for another twelve months from the date on which he would otherwise cease to be entitled to medical benefit.

Scale

5. An insured person or a member of his family, as the case may be, is entitled to receive medical benefit only of such kind and on such scale as may be provided by the State Government or by the Corporation at the dispensary, hospital, clinic or other institution to which he or his family is allotted.

Administration

6. The Act makes it the responsibility of the State Government to provide to the insured persons and their families in the State, reasonable medical, surgical and obstetric treatment. It further provides that the Corporation may enter into an agreement with a State Government in regard to the nature and scale of medical treatment, including provision of buildings, equipment, medicines and staff that should be provided to the insured persons and where such medical benefit is extended to families, to their families and for the sharing of the cost between the Corporation and the State Government in such proportion as may be fixed by agreement between them.

7. Here, it may be relevant to mention that although the Scheme has been implemented in all the States in the country, no formal agreement had been entered into between the Corporation and the State Government until recently. In 1950, the Corporation decided that instead of executing an agreement, the terms might be settled by exchange of suitable letters. Accordingly, the Corporation approved the draft of a letter for issue to the State Governments and authorised the Standing Committee to finalise the terms with any State Government with such changes as it might consider necessary. Several State Governments expressed the view that a formal agreement would be more appropriate. Accordingly, in early 1955, a draft agreement was drawn up but it was decided that the Chairman of the Corporation should discuss the matter with the State Ministers concerned before sending the draft for acceptance to the State Governments. In December, 1955, the draft agreement was approved at the conference of Labour Ministers. The Corporation has since executed agreements with some of the State Governments but no agreement has yet been made with the Governments of Maharashtra, West Bengal, Uttar Pradesh and Gujarat. The matter is said to be under negotiation with these State Governments. We were given to understand that the agreements with different State Governments were not uniformly the same. Modifications have been made by mutual consent.

8. The State Governments have been empowered to make Rules with regard to the administration of medical benefit. Accordingly, every State Government has promulgated Employees' State Insurance (Medical Benefit) Rules. The scale of medical benefit laid down by the State Governments includes the following :

- (a) General medical services, including treatment at a dispensary or other institution or at a clinic of an insurance medical practitioner consisting of :
 - (i) treatment other than that involving the application of special skill or experience ;
 - (ii) preventive treatment as vaccination and inoculation ;
 - (iii) free provision of drugs and dressings that may be considered necessary ;
 - (iv) domiciliary visits, where necessary ;
- (b) Maternity medical services for insured women, including ante-natal and post-natal care ;
- (c) Specialist consultation ;
- (d) In-patient treatment in a hospital which is established or specified for the purpose by the State Government including free maintenance and such specialists and general treatment, as may be available at the hospital, to which the insured person is admitted, as well as those special investigations which are considered necessary and for which facilities exist at the hospital or at an associated laboratory ;
- (e) Facilities for the removal, free of charge, of insured persons to hospital, where necessary, by ambulance or otherwise.

9. The out-patient medical care is provided either through the service system *i.e.* through dispensaries established under the Scheme for the exclusive use of the insured persons and their families and manned by whole-time medical officers who are not allowed private practice or through a panel of private medical practitioners.

10. As has been stated earlier, the Act envisages the provision of medical treatment generally through service system, although a provision has also been made that the State Government may, with the approval of the Corporation, arrange for medical treatment through panel system. When the Scheme was first implemented in Kanpur and Delhi, service system was adopted for providing out-patient medical care and treatment to the insured persons. Later, when plans for implementation in other areas were considered, it was realised that pre-requisites for creating a medical set-up under the service system, particularly with regard to finding of suitable accommodation for setting up of dispensaries and appointing of a large number of medical officers on terms and conditions existing in the State Medical Services, may not be available and it may be more expeditious to provide out-patient treatment through panel system by enlisting the services of private medical practitioners. The Corporation, therefore, approved the adoption of

panel system for provision of out-door medical care in Greater Bombay, the Punjab, West Bengal, Coimbatore and Madras in Madras State, and in Ujjain and Ratlam in Madhya Pradesh. Later, the Corporation recommended to the Government of Punjab to changeover to service system. The Government of Madras also adopted panel system only for a part of Coimbatore and service system for the rest of the State. Appendix X gives details of the systems for medical care adopted in different areas in different States.

Utilisation of Employers Existing Medical Facilities

11. In December, 1952, the Corporation approved broad terms for the utilisation by the State Governments under the Employees' State Insurance Scheme, dispensaries or hospitals maintained by employers. Accordingly, a number of dispensaries and a hospital maintained by employers have been approved for providing medical care to insured persons and their families. The medical officers working in these institutions continue to be the employees of the respective establishments which are paid capitation fee, as in the case of panel doctors, to cover the cost of medical treatment. The number of such dispensaries, however, is not large. As on 31st March, 1965, there were only 34 such dispensaries all over the country—one each in Andhra Pradesh, Maharashtra, Rajasthan and West Bengal; two each in Kerala, and Madhya Pradesh; three in the Punjab; nine in Mysore and fourteen in Madras. Hospital facilities in employers' hospital are utilised only at one place in Kerala where some beds have been reserved. The total number of doctors working in employers' dispensaries under the Scheme was 75 on 31st March, 1965.

Extension to Families

12. The medical benefit under the Act was originally provided only to the insured persons. The Act empowers the Corporation to extend medical benefits to the families of insured persons on request by the State Government and subject to such conditions as may be prescribed in the Regulations. The question of the extension of medical benefits to the families of insured persons came up for consideration almost as the Scheme was introduced in some areas in 1952. The workers complained that there did not exist satisfactory arrangements for medical care facilities for the members of their families except in a few factories which also, after the implementation of the Scheme, had started closing down gradually their medical arrangements. The pressure from the workers was mounting. The Corporation had two alternatives before it :

- (a) to extend the Scheme to all industrial centres in the country and provide medical benefit to the insured persons only in the first instance ; or
- (b) to provide medical care to the families of insured persons also at places where the Scheme was implemented even if that meant slowing of the progress of extension to other areas.

13. After considering the matter on several occasions, the Corporation finally approved in December, 1955, in principle, the extension of out-patients' medical care of general practitioners' standard to the families of insured persons. The Corporation noted the observations made by the representative of the Finance Ministry that the Scheme should first cover all insured persons before the benefits were extended to provide medical care to families and, accordingly, requested the Central Government for their formal approval.

14. The position was reviewed in July, 1956, when the Corporation urged the Central Government to take an early decision in the matter to enable it to extend medical benefits to families of insured persons. The Standing Committee adopted the following Resolution which was subsequently approved by the Corporation.

"The Committee notes with regret the delay by the Central Government in making arrangements which will enable the Corporation to extend the medical benefit to families of insured persons, which, in its opinion, is essential for the success of the Scheme. The Committee urges that the final decision on this issue should be taken very early so that the families are provided medical care not later than the beginning of the next financial year, namely, 1st April, 1957."

15. There appears to be nothing in the Act to prevent the Corporation extending the medical benefits to the families of insured persons provided, however, the State Government concerned agrees. In fact, the initiative really lies with the State Governments who should make a request to the Corporation in the first instance. It is surprising, therefore, that the Corporation had to wait for the decision of the Central Government on the subject. After the clearance was received from the Central Government, the Corporation, at its meeting held in April, 1957, approved the scale and nature of medical benefits to be provided to the families of insured persons and also the draft Employees' State Insurance (Medical Benefit) Rules for adoption by the State Governments.

16. The Corporation also considered the question of the share of the State Government in the expenditure on medical benefits on inclusion of families and decided that further negotiations might be conducted with the State Governments. It decided in April, 1957, that the share of the State Governments in the cost of medical care when such care was extended to families of insured persons in a State be reduced from $\frac{1}{4}$ th to $\frac{1}{8}$ th for the remainder of the second Five-Year Plan period subject to the condition that the State Governments' share should, in no case, be less than what they would have contributed as $\frac{1}{4}$ th share before the extension of medical care under the Scheme to the families. The arrangement was continued for the third Five-Year Plan period and the Corporation has since decided to continue this arrangement for the fourth Plan period also.

17. In the beginning, it was intended that families would be entitled to only out-patient treatment and they would not be entitled to specialists' care and hospitalisation. In August, 1960, the Corporation

decided that where the State Governments were in a position to make arrangements, the members of families of insured persons should also be given full specialists' cover. The Corporation also appreciated the need for and showed willingness to provide hospital treatment to the families, but it observed that the realisation of this desire must hinge altogether on the progress of construction of separate Employees' State Insurance hospitals. With the object of providing full medical care, including hospitalisation to the members of the families ultimately, the Medical Benefit Council recommended the revision of the yardstick for hospital beds to meet this additional requirement which the Corporation has accepted.

18. Although the Corporation had appreciated the need and expressed willingness to extend medical care to the families of the insured persons, even as early as 1956, the State Governments took considerable time to agree to implement this decision. While some States took early steps to complete arrangements for the extension of the Scheme, others took a long time to fall in line.

19. The statement at Appendix XI shows the progress of extension of medical care to families of insured persons. The extension of medical benefits to the families has been a major step towards improvement in the quantum of medical benefits to a large section of the working population, though other qualitative and quantitative improvements have also been effected in the standard of medical care under the Scheme. The following are among the specific additional facilities provided from time to time :

- (a) Supply of artificial limbs free of cost, including payment of incidental charges on account of transport, stoppage, and travelling expenses for travelling to Army Limb Fitting Centre, Poona, and back for the insured person as well as for his attendant, if attendant is considered necessary ;
- (b) Supply of spectacles, free of charge, to insured persons who sustain impairment of eye-sight due to employment injury or occupational disease ;
- (c) Supply of dentures to insured persons who loose their teeth as a result of employment injury ;
- (d) Supply of hearing aids, free of cost, to insured persons who suffer loss of hearing due to employment injury ;
- (e) Supply of hand-driven tricycles to insured persons who suffer loss of movement in lower limbs due to employment injury, if recommended by the Medical Board ;
- (f) Confinement charges to insured women and wives of insured persons in connection with confinement outside the hospital ;
- (g) Payment of conveyance charges for ambulatory cases, if the hospital is at a distance of more than 5 miles and for travelling to outstation for visit to the specialists ;
- (h) Compensation for loss of wages if the insured person is required to appear before the Medical Referee ;

- (i) arrangement for supply of spectacles to insured persons at 'no profit no loss' basis.

System of Medicines

20. While medical benefits under the Employees' State Insurance Scheme are normally provided through the modern system of medicine, the Corporation in its meeting held in May, 1950, decided that where a substantial number of workers demanded treatment by indigenous system of medicine and where the State Governments had recognised qualifications in such system, treatment facilities should be provided under that system as well. This matter was re-examined by the Corporation at its meeting held in July, 1956, when it was decided that when the number of workers demanding treatment by the indigenous system was more than 750, the request should be acceded to and necessary arrangements made. Accordingly, medical care through indigenous system has been provided in some States. The position as on 31st March 1965, was as follows:

State in which ayurvedic system is provided	Place	No. of IMOs	No. of IMPs	No. of special- lists	Hospital beds re- served
Andhra Pradesh .	Hyderabad .	1	..	..	..
Gujarat .	Ahmedabad .	37	..	3 (Part time)	50
Maharashtra .	Bombay .	..	452	2	18
Mysore .	Bangalore .	2	..	..	..
Uttar Pradesh .	Kanpur .	1	..	..	..

21. During our tours, it was urged at a number of places, particularly in Kerala and Gujarat, that the ayurveda therapy should be given more scope, because people were used to it particularly in diseases such as gout, rheumatism, arthritis etc. In Ahmedabad, treatment in allopathy as well as ayurveda is available under the same roof and even inter-changeable at the option of the patient. In Ahmedabad, in one ayurvedic out-door unit, the number of patients was as high as six hundred per day for all types of diseases. There is hardly any doubt that the ayurvedic treatment is in demand in great measure which should not be ignored and sufficient and satisfactory facilities should be made available for ayurvedic treatment.

Responsibility for Administration of Medical Care

22. As has been mentioned above, the provision of medical benefits is the responsibility of the State Governments. The Employees' State Insurance Corporation reimburses to the State Governments 7/8th of the expenses incurred on medical benefits in areas where medical benefit has been extended to families of insured persons and 3/4th of the expenses in other areas. The Act, however, provides that the Corporation may, with the approval of the State Government, establish and maintain in a State such hospitals, dispensaries and other medical and surgical

services as it may think fit for the benefit of insured persons and their families. Such an arrangement is at present being operated in Delhi where the Corporation is itself administering the medical benefits on behalf of Delhi Administration.

23. The out-door medical treatment to insured persons and their families is arranged through either or both of the two principal systems known as the service system and the panel system. For the service system, special dispensaries are opened. These are manned by full-time staff appointed by the State Government. A certain number of insured persons are assigned to each dispensary according to the place of residence. The staff required by a dispensary is determined on the basis of the number of insured persons attached to it. Such dispensaries have their own stock of medicines provided by the State Government, facilities for routine pathological tests and in some cases, for minor surgery etc., in addition to waiting space for the beneficiaries, examination rooms for the doctors and separate rooms for dispensing of prescriptions and for dressing etc. The ratio of doctors to insured persons in the dispensaries ranges from 1 to 1,000 to as high as 1 to 3,000 or more, though it is prescribed to be 1 to 1,750 under the Scheme. The doctors are drawn from the State Medical Services and are paid a special allowance of Rs. 100 per month by the Corporation in addition to their regular emoluments which include non-practising allowance, conveyance allowance and house rent allowance.

24. It was strongly urged before us, both through replies to the Questionnaire and in oral testimony, that the present arrangement whereby the State Governments administer the medical benefits under the Scheme, has given rise to a great many problems and difficulties and that this work should, therefore, be taken over by the Corporation itself. The State Government, it was urged, being pre-occupied with the health problems of the entire population in the State, naturally tended to give relatively less attention to the medical services under the Employees' State Insurance Scheme since the insured population was only a small part of the total population in the State. On the other hand, the insured person knows that the Corporation collects the contribution from him and from his employer and, therefore he blames the Corporation whenever he feels that he is not getting proper service. The Corporation, however, has no control whatever over the service.

25. In the administrative field also, difficulties are experienced. The extent of implementation of the Scheme is itself beyond the control of the Corporation. Unless the State Government agrees to provide the medical benefits at a particular centre, the other benefits cannot also be implemented. Thus, the extent of implementation and the standard of medical benefits provided varies from State to State. Since the expenses on medical benefits have to be borne by the State Governments, albeit, in a small part, the process of drawing up, sanctioning and implementing various steps in the Scheme has to take place in the State Government as well as in the Corporation thereby adding to delays and red-tape.

26. The medical and para-medical personnel needed for the Scheme is drawn by the State Governments from the State Medical Services. Due to the non-practising nature of Employees' State Insurance assignment and due to the inadequate pay scales in the State Medical Services, there have been difficulties in finding suitable personnel in adequate number and in keeping them. Consequently, the complaint was repeatedly expressed before us that only the raw and inexperienced doctors were prepared to work in the Scheme and there was a very high turnover, not to speak of inadequate staffing at the Employees' State Insurance dispensaries and hospitals. It was also pointed out that the doctors in the Scheme did not pay much attention to the patients and to their ailments. Even allowing for a certain measure of over-emphasis in these complaints, our observations have convinced us that there is also a good measure of truth in them.

27. On the other hand, it has been urged equally strongly that the administration of medical benefits should continue to remain the responsibility of the State Governments. Health, it is argued, is a subject placed in the States' list in the Constitution of India. The State Governments have extensive medical services and the apparatus for their administration is already in operation. They can, therefore, take up and run the medical benefits under the Scheme without much difficulty. Even if an autonomous body like the Corporation were to operate these benefits, it would still need at almost every step the goodwill and the active co-operation of the State Governments. A separate medical service operated by the Corporation may also compete with the State Governments for scarce medical personnel, and may deprive the State services of their due share.

28. Some State Governments, *e.g.* Mysore, Andhra Pradesh and Assam, have themselves expressed the view that the administration of medical benefits should be taken over by the Corporation. The Director General of the Corporation was confident that the Corporation could set up and operate the medical benefits on its own, but expressed the view that there would be no special advantage in doing so, and that this work should continue to be done by the State Governments.

29. We have given anxious consideration to this question which is not one of the rivalry for power between the State Governments on the one hand and the Corporation on the other, but of ensuring that the insured persons and their families get the best medical care possible within the available means. While it may be too much to claim that if responsibility for provision of medical care had been put squarely on the shoulders of the Corporation, the actual performance would have been better, the fact remains that the Scheme has always been subject to criticism because of the inadequacy of the medical services provided by the State Governments. It may perhaps be useful to examine in some detail the points in favour of the Corporation taking over the administration of medical care and the points against it.

30. The case for it may be summarised as follows :

- (a) The present lack of uniformity in the standard of medical care and also in the matter of geographical extension of the

Scheme in different States which is essentially due to the differences in the resources and the approach of different State Governments can be remedied by a unified control by one single authority.

- (b) The Corporation collects the contributions and therefore, the insured persons look to it for providing satisfactory services. Actually it has no control over the administration of medical benefits and it has to depend entirely on how and what the State Government is able to provide. There is no machinery nor any sanctions for enforcing the standards and yardsticks laid down by the medical benefit council or by the Corporation.
 - (c) The State Governments tend to equate the medical facilities to be provided under the Scheme with the general medical facilities in the State. The Scheme does not get in some States the special consideration which it deserves as a contributory scheme for which the insured person is, in fact, paying.
 - (d) The dual control leads to delays. Neither the State Government nor the Corporation can take decisions independently. Every proposal has to be processed both in the Departments of the State Government and in the Corporation. Such delays would be avoided if a single authority were to administer the benefits.
31. On the other hand, it has been argued that :
- (a) The Corporation does not have experience of running a country-wide scheme for administration of medical benefits. It will have to build up all over the country a huge organisation more or less on the lines of the State Medical Services for which it has neither experience nor resources independent of the States.
 - (b) The conditions in different parts of the country vary and need local adjustments. This may make a centrally-administered scheme unworkable.
 - (c) The Central scales of pay being higher than the State scales, the expenditure on administration of medical benefits may increase considerably and this may also effect the medical services in the States by creating shortages in the general services.
 - (d) The extension of the Scheme may have a set-back. It may not be possible to extend the Scheme to certain areas till such time that the Corporation is able to construct its own hospitals and dispensaries and establish specialists' centres as some State Governments may find it difficult to make any part of their medical facilities available to the Corporation for this purpose. In sparse areas where the insurable population is small, it would neither be practicable nor economical.

- to set up separate hospitals, laboratories and specialists' centres. The Corporation will necessarily have to depend on the services available with the State Governments at these places.
- (e) With the overall shortages of specialists in the country, the Corporation may find it difficult to get adequate number of whole-time specialists for its services. It will have to share the scarce services available in the State.
- (f) The State Governments' active assistance will be required for procuring ambulances and hospital equipment which are in short supply.
- (g) The Corporation may find it difficult to acquire land for construction of hospitals and dispensaries on the same terms on which the State Government can acquire land through acquisition proceedings. There may also be difficulty in executing the construction programme without the active assistance of the State Government.
- (h) Multiplicity of schemes would result in duplication and in regimentation of medical care facilities which is not in the national interest. The ultimate aim being a national health scheme for the whole country, it is desirable that the present scheme should be organised in a manner in which it could be transformed into a national health scheme without much difficulty. This would be possible if the State Governments themselves were to administer the medical benefits under the Employees' State Insurance Scheme also.

32. While we take note of the arguments pro and con with regard to the Corporation taking over the administration of medical benefits, we feel that it would not be expedient to make any radical change in this regard at present. On the other hand, every effort should be made to gear up the machinery set up by the State Governments to the needs of the Scheme and to ensure that a proper and effective liaison is maintained between the Corporation and the State Governments. For the day-to-day functioning of the medical side of the Scheme, the State Governments should have a free hand but they should be answerable to the Corporation for any lapses. The Corporation should have a positive guarantee of the efficiency of the medical services in the administration of medical care by the State Governments. It should have a right of inspection of the provisions made by the State Governments and should be entitled to make alternative arrangements if it is not satisfied with the performance of any State Government. We are aware of the enabling provision that is proposed to be made in the Employees' State Insurance Act, for the Corporation to take over the responsibility for administration of medical care. We are of the view that the administration of medical benefits may be entrusted to the Corporation wherever the State Government feel that this step would be in the larger interest of the State and the efficient administration of the Scheme.

33. It was also argued before us that if any State Governments were to be divested of the responsibility relating to the running of medical benefits under the scheme, they should also be absolved of any financial obligation thereto. We have already stressed earlier that a scheme like this will be difficult to run without the active assistance of the State Governments and this must include financial contribution as well. Besides, the States do spend for medical and health services for their citizens and when a part of this responsibility is transferred to the Corporation, the State Governments should have no objection to contributing to the Corporation a corresponding quantum of funds.

Functioning of Medical Benefit Arrangements

34. The written replies to our Questionnaire as well as the oral evidence given before us were overwhelmingly of the view that the medical benefits provided under the Scheme at present are neither adequate nor satisfactory. This applies to almost all parts of the country and all aspects of the benefits. Our own observations during our visits to the ESI medical installations, panel doctors' clinics, diagnostic centres, etc., largely substantiated these complaints. We may briefly recount here the more glaring short-comings that came to our notice:

- (a) The doctor-patient relationship in outdoor treatment is poor in both panel and service systems. (This subject is examined at greater length in the next Chapter).
- (b) The availability of drugs is unsatisfactory, especially in the panel areas where the insured persons have to go from place to place in search of them.
- (c) The clinics of a large number of panel doctors are too small and do not even approach the minimum requirements of a satisfactory clinic.
- (d) Some service dispensaries are under-staffed and extremely poorly maintained.
- (e) Diagnostic centres in panel areas are too few, the attendance of specialists therein too short and the time taken to complete the investigation too long.
- (f) Few or no domiciliary visits are paid by the doctors both in service and panel areas.
- (g) Ambulance facilities are meagre. Even where a few ambulances are provided, they are often out of order or without drivers and are seldom available when needed.
- (h) Hospitalisation facilities are far short of the prescribed scale. The shortage is even more severe for ailments needing special or prolonged treatment like tuberculosis, cancer etc.
- (i) Hospitals do not have adequate experienced medical and paramedical staff. In some cases they have no regular specialists to supervise the treatment of the in-patients.
- (j) Rehabilitation facilities are also extremely meagre.
- (k) No preventive work of any kind is done under the Scheme.

- (l) Conditions in several of the hospitals visited by us were far from satisfactory. Patients in some of these complained of lack of proper attention from the hospital staff.

35. The administration of the medical benefits under the Scheme in Delhi where the medical benefits are administered directly by the Corporation is also not very satisfactory. There have been many complaints about the inadequacy of medicines etc. During our visit, we found the dispensaries in Delhi untidy and in bad state of repairs. We were told that the buildings had not been white-washed for several years. Almost all the electric fans in a dispensary visited were found out of order and both the staff and the insured persons complained against unsatisfactory conditions of working. We were informed by the authorities that they had been trying to get the dispensary building white-washed and to get the fans repaired by the Central Public Works Department for the last three years, but they had not succeeded in their efforts. The Corporation is an autonomous body and there is no reason as to why it should depend on the Central Public Works Department even for such immediate repairs in the dispensary buildings. In case the Corporation is to continue to depend on the usual Government resources, it defeats the very purpose of the Corporation taking over the administration of medical care from the State Governments.

36. Our discussion with the authorities also revealed that consumption of drugs in Delhi had increased considerably after the administration of the Scheme was taken over by the Corporation from Delhi Administration and the dispensaries were running out of stock again and again. Strengthening of inspection machinery is indicated

37. Apart from the above, which are discussed in some detail later in this report and which effect the insured persons directly, certain other kinds of abuses and difficulties were also reported to us. For instance, there have been cases of sizable leakages of drugs and some cases of collusion between some doctors and approved chemists to defraud the Scheme. There have also been complaints from some doctors about rude and disorderly behaviour of insured persons, of lax certification of illness, of considerably long delays in the payment of the bills of approved chemists, and so on. Even allowing for a measure of exaggeration in these reports, there is no doubt that they do reflect an unsatisfactory state of affairs that calls for remedial measures.

38. It is not as if we were the first to discover these short-comings. A few years ago, Dr. A. L. Mudaliar, was appointed by the Government of India, as a one-man Commission, to investigate into the conditions in this field and report thereon. Dr. Mudaliar's report mentions many of these short-comings and suggests remedies for them. The fact that so many of them still continue does not necessarily indicate that no action has been taken on them during the intervening period or that such action has proved ineffective. It rather indicates that the process of improvement in the standard of these services has been slow. Efforts in this direction have to be strengthened.

CHAPTER IX

MEDICAL BENEFITS—OUTDOOR CARE

Outdoor medical treatment to the insured persons and their families is perhaps the most important part of medical benefits under the Scheme as almost every insured person has need for it at some time or the other. As mentioned earlier, such outdoor treatment is provided at present through either the panel system or the service system, and in a few instances through utilisation of employers' facilities.

2. We found that there are certain common complaints from the insured persons in both the panel and the service areas. For instance, we were told wherever we went that the doctors do not examine the patients with any care, often merely look at them and write out some prescription, that the patients have to wait long at the clinics or dispensaries before they are attended to, that the behaviour of the doctors to the patients is rude, unsympathetic and inconsiderate. Such complaints show that the doctor-patient relations are not satisfactory. This is also indicated by the complaints voiced by some doctors that the behaviour of some insured persons is rude and disorderly.

Doctor-Patient Relation

3. Doctor-patient relation is an intangible factor which does not lend itself to any easy or ready formula. Nor will complaints in this field be eliminated entirely at any time. Yet, some efforts have to be made to bring about an improvement. The most important factor is the attitude of the doctors on the one hand and that of the insured persons on the other. This would suggest the need for an extensive programme of information and education aimed at promoting a better understanding of the difficulties, the obligations and the rights of each side. For instance, an insured person who does not know that the doctor can prescribe medicines only from a limited list, feels that the doctor does not care to give him good medicines. Similarly, a patient, who has to wait a long time before being attended to, is apt to show some signs of annoyance.

4. Proper orientation of the doctors is even more important than proper education of the insured persons. Having had the benefit of high education, they should be expected to understand and honour their own obligations and the insured persons' rights better than may be expected from the less educated insured persons. We feel that some systematic reorientation programmes should be regularly conducted by the Corporation for the insurance doctors. This is not to under-rate the great importance of proper supervision and control being exercised by the authorities to ensure that wilful or persistent misbehaviour, whether by doctors or by insured persons, is not tolerated. This requires that the Administrative Medical Officers function more effectively than at present. They must have adequate inspecting staff to make routine checks and to speedily follow up specific complaints.

Schedule of Medicines

5. The medicines and drugs available through the ESI Scheme are, it is widely complained, selected for their cheapness and hence are of inferior quality. There have, besides, been wide-spread complaints about the non-availability of the drugs themselves. Since the lists of drugs are drawn up and periodically revised by the Medical Benefit Council itself, there is no ground to believe that only cheap and therefore low quality drugs are provided by the Scheme. The same drug is often produced and marketed by a number of firms under different names. However, the most expensive or the most widely advertised brand is not necessarily of higher quality than others. If the same drug of tested quality is sold by other firms at lower rates, there is no reason why it should not be purchased from them instead of the most expensive brand. The fact remains, nonetheless, that the psychological effect on the insured person who gets a lesser reputed or less expensive brand of medicine, is not favourable. One way of getting over this difficulty would be to ask the doctors to prescribe, as far as possible, by the pharmacopoeial names of drugs and not by their brand names. Simultaneously, the manufacturers could also be asked that such drugs for use in the ESI Scheme should be packed differently and marked with the pharmacopoeial names only. Since the ESI Scheme is quite a substantial customer of drugs, there would be no difficulty for the manufacturers in agreeing to this.

6. A part of the difficulty here arises because the doctors are required to prescribe from a particular list of drugs and the specialists from another list. It was strongly urged before us by the medical profession that these lists which restrict the doctors' freedom to prescribe what they feel the patient needs, should be abolished. A panel doctor, for instance, is free to prescribe what he chooses to his private patients and his medical competence to do so is not questioned. He may be quite sure that an insured patient needs a particular drug, but if that drug is outside the general list, he must refer the patient to a specialist. This causes delay and trouble to the patient, loss of the specialists' time and extra expense to the Scheme, all of which is avoidable. What is worse, the insured person's confidence in the doctor is hurt when he sees that for fairly ordinary medicines he is directed to a specialist while the doctor gives the same medicines himself to his private patients.

7. We feel that there is much force in this argument. There is no reason to fear that the doctors as a rule will play about with costly or dangerous drugs in an irresponsible way unless they are tied down to a list. A certain measure of overprescribing or abuse can, indeed, not be ruled out. But that happens even with the listed drugs, and steps to check these, as far as possible, have to be taken anyhow. Abolition of the general list need not necessarily lead to aggravation of the abuse or overprescribing if proper checks are applied. Besides, there will be advantage of better service to the patients, saving of specialists' time and fees and elimination of much delay and trouble to the patient which

should more than neutralise any undesirable effects of the abolition of the general list.

8. This is not to say that there should be no list of drugs at all from which the doctors should be required to prescribe. The Scheme has the obligation of supplying the medicines prescribed by the doctors. This means that stocks of medicines must be maintained and distributed at many points through an elaborate process. There are limits to the number of medicines that can be held in stock. New brands of medicines are being put on the market all the time. Hence, if the Scheme is to discharge the obligation of supplying the prescribed medicines, there must be some restriction on what may be prescribed. Frequent revision of the lists by competent medical men sitting in the Medical Benefit Council can ensure that any restrictions of this nature will not exclude any useful or essential item. Abolition of the list altogether may, on the other hand, multiply instances of prescribed drugs being out of stock with the Scheme. Such instances do occur today also, and in spite of there being a specialists' list, some specialists do prescribe outside the list. If the difficulties of the Scheme in holding stocks of all possible brands of all medicines are properly explained to the specialists, they will not look upon the list as an infringement of their professional judgment and can be induced to stick to the list. We, therefore, recommend that there should be only one list of drugs from which the doctors, including specialists, should be required to prescribe. We must stress again, however, that such lists must be comprehensive enough and must be kept up-to-date by fairly frequent revision.

Training in Industrial Health

9. Industrial workers are known to be exposed to occupational health hazards of various kinds depending upon the nature and condition of their work. It is now a recognised fact that some ailments which may have occupational origin might not be identified as such by the doctor unless he has some special training in the field of industrial health. We are not sure that the normal medical education that the doctors get covers the field of industrial health and medicine adequately. We would, therefore, recommend that steps should be taken to ensure that doctors working in the ESI Scheme have proper training in the field of industrial health and medicine.

Domiciliary Visits

10. Wherever we went, we found that the doctors paid very few, if any, domiciliary visits to the insured patients. The standard explanation given to us for this was that the insured persons did not ask for such visits. We find this difficult to accept. Surely, there must be occasions when an insured patient is too ill to go to doctor's clinic or Employees' State Insurance dispensary and needs domiciliary visit. If he does not then ask the doctor to visit him at his residence that must be because he either does not know that he is entitled to do so or he knows that the doctor will not come even if called.

11. Domiciliary visits are a part of the duties of the insurance doctor. The Corporation has provided for the payment of transport charges and additional compensation to Insurance Medical Officers for paying such visits and the capitation fee of the panel doctors is also inclusive of the compensation for such visits. There is nothing to show that the insured persons are abusing or are likely to abuse the right to get domiciliary visits by doctors. As such, we see no justification for any reluctance on the part of the doctors to pay such visits.

12. Steps should be taken, therefore, to educate the insured persons of their rights in this matter and it should be deemed a major default if an insurance doctor fails to pay a visit when called upon to do so unless he can show that the call was a frivolous or vexatious one.

Systems for Out-Patient Treatment

13. Under the E.S.I. Act, out-patient treatment, as mentioned above, can be provided both under the service system as well as under the panel system. The Act, however, gives secondary importance to the panel system by keeping it only as a 'proviso'. The Corporation and the State Governments have all along been giving importance to the service system and that system has been adopted in most of the centres where the ESI Scheme has been introduced. However, due to shortage of medical and para-medical staff as also due to the non-availability of suitable buildings/land for the dispensaries at places like Bombay and Calcutta, the panel system had perforce to be adopted. To start with, in the Punjab also panel system was adopted but subsequently the Punjab Government decided to changeover to the service system at least in new areas. In Madhya Pradesh, the State Government have since changed over to the service system in Ujjain and Ratlam where to begin with panel system had been adopted. In Coimbatore and Ahmedabad both the service and the panel systems are in operation.

Panel System

14. Under this system, medical practitioners are approved to act as panel doctors. The selection is made by a committee called the "Allocation Committee". The panel doctor is expected to have his own consulting room and dispensary. He is also required to maintain certain minimum standards in respect of these. The insured persons have the choice to register themselves with any panel doctor of their liking. When the Scheme was first introduced in the Punjab, a panel doctor was allowed to have 2,000 insured persons on his list. Subsequently, this number was reduced to 1,000 so as to ensure that the panel doctor could give adequate care to the insured persons as well as attend to his private practice. At places where families are also entitled to medical care, a panel doctor can have a maximum of 750 family units on his list. Under the panel system, the doctor is expected to give ordinary medicines to the insured persons from his own dispensary. The special and costly medicines are dispensed through a panel of approved chemists who are paid directly by the Scheme.

Service System

15. Under this system, separate dispensaries have been set up exclusively for the insured persons and their families. The doctors working in these dispensaries are wholetime employees of the State Governments. They are generally drawn from the State Medical Services and their services are transferable from E.S.I. dispensaries to other State Government dispensaries/hospitals and vice-versa. The posts under the Scheme are non-practising and due to this there has always been reluctance on the part of the medical officers to come under the E.S.I. Scheme, in spite of the fact that non-practising allowance is attached to these posts. In order to make these posts more attractive, the Corporation has decided to give a special allowance called the ESIC Allowance of Rs. 100 per month to the medical officers working in the E.S.I. dispensaries. This allowance is paid entirely out of the funds of the Corporation and the expenditure thereon is not sharable with the State Governments. In the service dispensaries, provision is available for routine laboratory tests such as examination of urine, blood, sputum, etc. The medical officer can also send the patients to a hospital/ diagnostic centre for any special investigations that may be required and can also direct the patient to a specialist for advice.

Panel System Versus Service System

16. Whether either of these systems is to be preferred to the other and whether the E.S.I. Scheme should adopt uniformly only one of them, is a question that has been debated all along. The All India Medical Association has very strongly urged that panel system is superior to service system and should be uniformly adopted. However, almost all other interests appear to favour the service system. The arguments advanced on the two sides may be briefly cited:

- (i) In the service system the medical officers are amenable to control by the authorities and the standard of treatment is superior to that under the panel system as no element of profit is involved. Under the panel system there may be tendency on the part of the doctors to prescribe costly medicines so as to save their personal expenditure on the medicines.
- (ii) Specialists' advice is readily available in the case of service system. There are also other advantages such as elaborate para-medical staff, facilities for diagnostic and laboratory tests etc. Under the panel system, even for minor examinations or for prescription of drugs from the specialists' list, the insured persons have to be referred to the specialists/diagnostic centres.
- (iii) Under the service system there can be an effective check on lax certification. In that system there is no incentive for the medical officers to issue unwarranted certificates. In some cases, it is true, we found that certificates were issued for seven days at a time even if the insured person did not need abstention for so many days. This, however, was obviously a case

of carelessness by the doctor and not of pressure by the insured persons. On the other hand, the panel doctor may be willing to oblige an insured person readily by issuing him a certificate when abstention from work may not be really necessary on medical grounds, for fear of the insured person changing to another doctor.

- (iv) Under the service system, it is possible to make satisfactory arrangement for supply of costly and special medicines by storing the same at every dispensary.
- (v) The non-practising nature of E.S.I. assignments makes the service doctors reluctant to accept them and they are discontented if posted there. It is not unusual to find raw and inexperienced doctors in the service dispensaries. The service doctors are also moved about at frequent intervals and, therefore, they cannot develop a continuing contact with individual patients. This adversely affects the standard of diagnosis and treatment. The continuing personal contact between the panel doctor and his patients is conducive to better service.
- (vi) The panel system offers better scope for development of doctor-patient relationship. (In actual experience it is doubtful if this has, in fact, happened. We heard complaints that the panel doctors did not attend their clinics regularly, paid greater attention to private patients, did not examine insurance patients properly, and so on).
- (vii) Senior and experienced doctors also do not mind working in the E.S.I. Scheme under the panel system as it is fairly remunerative and also permits private practice.
- (viii) In sparse areas setting up of separate dispensaries may not be economical. Moreover, it may also not be possible to get sufficient number of medical officers, particularly for serving in the sparse areas.
- (ix) The dispensaries have to be located at a few selected centres. In some cases, the insured persons and their family members may have to travel long distances for going to the dispensary as, obviously, it is not possible to provide a dispensary at the door of every insured person.

17. After a careful consideration of the merits and demerits of both the systems, we have come to the conclusion that service system offers better possibilities of giving satisfactory medical service to the insured persons and their families.

18. Conditions in some centres are such that adoption of service system may not be possible. Availability of suitable space for dispensaries in sufficient numbers and of acceptable standards poses a very difficult problem in places like Bombay and Calcutta. However, even in such places the State Governments should give high priority to the

setting up of at least a few conveniently located service dispensaries and the insured persons may be given a choice whether to enrol with a panel doctor or at the service dispensary. This, in course of time, will show whether the insured persons under similar conditions show any clear preference for one or the other.

Improvement in Panel System

19. The panel system is likely to continue to function in several major centres and it is, therefore, necessary that early steps are taken to remove the deficiencies that have been noticed in it. These efforts have to be in relation to the panel doctors themselves, the system of supply of drugs, the diagnostic centres and such other aspects of this system. So far as the panel doctors are concerned, we feel that the following steps need to be taken:

- (i) The standards of space and facilities at panel doctor's clinics should be rigorously enforced. Those who fall short of the requirements should be removed from the panel.
- (ii) Attendance of panel doctors at their clinics at the appointed hours should be strictly supervised and prompt action taken against defaulting doctors.
- (iii) Random sample checks of the prescriptions issued by every doctor should be made by senior medical inspecting officers frequently. The purpose of this should be to detect any persistent tendencies to over-prescribing or any bonafide errors in diagnosis or prescription. The inspecting officers should be encouraged to give to the doctors concerned suitable advice, in confidence, in cases of bonafide errors.
- (iv) Special checks should be kept on those doctors who are found to be issuing certificates or prescriptions for expensive medicines much in excess of the average for the area or the centre.
- (v) Complaints of misbehaviour by insured persons against the doctors and vice versa, should be promptly investigated and appropriate action taken where called for.

Capitation Fee

20. The question of the adequacy of the capitation fee paid at present to the panel doctors was raised before us by their organisations. They contended that the present capitation fee was not adequate and needed to be raised. We have examined the matter broadly. At the commencement of the Scheme it was estimated that the rate of sickness per day would be around 3%. Thus a doctor with a full list of 750 insured persons *i.e.*, about 2,200 beneficiaries including the families of the insured persons, would be expected to examine approximately 65 insured patients per day. Out of these again only about a fourth would be new cases, the rest being old ones. This does not appear to us to be a very heavy workload. Actually we found that the incidence of sickness was even less than anticipated and so the average workload was also less. For this workload an IMP gets, through capitation fee, over

Rs. 13,000 per year or Rs. 1,100 per month. He also has time left for his private practice. Even allowing for the expenses of the establishment and simple medicines etc., and also for clerical assistance for keeping records required by the Corporation, we do not feel that the income yielded through the insurance practice to the panel doctor is unduly low for the workload it involves. We are, therefore, of the opinion that the present capitation fee of Rs. 17.50 per family unit per year is not low and does not need any upward revision at this stage.

21. In certain areas the capitation fee prescribed at present is only Rs. 13.50 per family unit per year. In such areas the grievance of the panel doctors appears to have some justification especially if the area has a predominantly labour population and, therefore, offers little opportunity of a lucrative private practice. In such areas, therefore, we feel, that the capitation fee needs to be revised to make it comparable with the fee paid in Bombay and Calcutta.

22. We also found that some doctors had very few insured persons on their lists. In such cases, the doctors would either try to increase this number by offering unfair favours to the insured persons or would neglect the insured persons since they do not bring much income. Either alternative is undesirable. We, therefore, strongly feel that a minimum number of insured persons should be prescribed for a doctor to carry on his list if he is to continue on the panel. We would suggest that a panel doctor who fails to have at least 100 insured persons on his list at the end of six months after his enrolment should be removed from the panel. Similarly, in any area which already has more than an adequate number of panel doctors for the total number of insured persons in the area, we suggest that no new doctors should be admitted to the panel.

Supply of Drugs and Medicines

23. As mentioned earlier, the situation in the matter of supply of medicines in the panel areas is extremely unsatisfactory. The insured persons are often unable to get the prescribed drugs even after visiting several approved chemists' shops. The chemists complain of long delays in recovery of their bills from the State Government and consequent inability to carry adequate stocks for want of working capital. On the other hand, cases of large scale leakage of drugs through collusion between panel doctors and chemists are also on record.

24. We would suggest the following steps to meet these difficulties:

- (i) State Governments should establish several drug depots, conveniently located, in each panel area. These depots will not need very large space and could be located at Government or municipal hospitals and dispensaries as also at other premises already at the disposal of the State Government. The insured persons should be entitled to draw drugs directly from these depots against proper prescriptions. These depots should be under the control of the Administrative Medical Officer.

- (ii) The payment of the bills of approved chemists should be speeded up. A definite time limit, say one month from the date of submission of the bill, should be adopted and adhered to. To further speed up payment, the bills should be subjected to a preliminary check immediately on receipt and 50% of the amount found due on such preliminary check should be paid within one week, subject to final adjustment after detailed check of the bill.
- (iii) Co-operative consumer stores should be encouraged to enter the field of drug distribution by the offer of suitable facilities.
- (iv) Chemists failing to hold adequate stocks should be removed from the list of approved chemists.
- (v) Panel doctors should not be permitted to be associated in any manner with the sale or distribution of drugs whether in the scheme or outside.
- (vi) No approved chemist's shop should be permitted to have any kind of association with any medical practitioner connected with the E.S.I. Scheme.
- (vii) A representative of the Employees' State Insurance Corporation should be associated with all committees dealing with manufacture, distribution and pricing of drugs.

Diagnostic Centres

25. Whenever a panel doctor finds it necessary to do so, he directs the insured person or the member of the insured person's family to a diagnostic centre for pathological investigations and for specialist consultation. At present, these diagnostic centres are so few and far between, located in such inadequate premises and also attended by specialists for such short hours that they have become a major cause of complaint from the insured persons. Considering the fact that the cases referred to these centres are of serious or difficult nature, it is important that the help given by the diagnostic centres is both speedy and effective. Our observations showed, on the contrary, that it takes a long time for the insured persons to be attended to and the reports on the investigations or the specialists' prescriptions to be available. This needs immediate improvement. The number of diagnostic centres must be increased and they must be brought closer to the insured persons. Rigid time limits should be imposed on the time taken for various kinds of investigations. Similarly, the hours of attendance by specialists should be extended by acquisition of the services of more specialists, if necessary. It is also necessary that the diagnostic centres are located in more spacious premises.

26. There are obvious difficulties in carrying out the above suggestions within a short period. The improvements in diagnostic facilities cannot, however, wait. We would, therefore, suggest that in the panel areas and if necessary, in the service areas also, the Scheme should constitute panels of specialists. It should be permissible for an insured

patient to go to a panel specialist and get himself examined and prescribed by him at his consulting room. The fee to the specialists may be based on the number of cases examined. Group practice by specialists should also be permitted. The diagnostic centres can then concentrate on pathological work which can be separated from specialist consultation. The E.S.I. hospitals should also provide diagnostic and specialist consultation facilities for outdoor insured patients.

Ambulance Services

27. Wherever we went we were told about the virtual non-existence of ambulance services under the E.S.I. Scheme. The glaring inadequacy of this service will be seen from the following figures of ambulances available at different places against the number of insured persons there as on 31st March, 1965.

S. No.	State	No. of Insured Persons covered	No. of ambulance vans provided
1	Andhra Pradesh	91,000	9
2	Assam	10,700	..
3	Bihar	56,000	..
4	Delhi	98,000	1
5	Gujarat	2,14,000	..
6	Kerala	1,31,000	1
7	Madhya Pradesh	1,01,000	3
8	Madras	2,86,000	15
9	Maharashtra	8,29,500	4
10	Mysore	1,49,000	2
11	Orissa	27,300	1
12	Punjab	1,45,000	2
13	Rajasthan	45,750	1
14	Uttar Pradesh	2,68,000	3
15	West Bengal	8,00,000	5
All INDIA		32,52,250	47

28. The shortage of ambulance vans is further aggravated by the fact that a significant proportion of these is out of commission because of inadequate maintenance. We were even told in some places that the ambulance provided could not be used for want of drivers. Some State Governments pleaded before us the non-availability of vehicles

as the cause for this unsatisfactory state of affairs. It is surprising that while all other kinds of commercial vehicles should be available in increasing numbers, ambulances alone should be impossible to get. Possibly, since the ambulances do not earn any profits, there is no great keenness to procure them. We feel that the E.S.I. authorities should explore the possibilities of getting some firms interested in the construction of ambulance bodies on indigenously manufactured chassis. It may be that the most sophisticated ambulances might not be readily available, but that should be taken as a challenge for getting our own ambulances built in the country. We recommend, therefore, that the Corporation should attend to this, since State Governments may not be able to do it expeditiously. We need hardly stress the importance of proper up-keep and manning of the ambulances available at present so that they may be used to the maximum possible extent.



CHAPTER X

MEDICAL BENEFITS—INDOOR MEDICAL CARE AND TREATMENT IN SPECIAL DISEASES

Hospitals

One of the strongest complaints against the Employees' State Insurance Scheme has been that the construction of hospitals was sadly neglected and the standard of medical care available to the insured persons thereby suffered. It was also pointed out that huge amounts of money continued to accumulate with the Corporation while the insured persons were deprived of this important part of the medical care.

2. When the Scheme was implemented in early fifties, the view was that it might be possible to provide hospital facilities to the insured persons in hospitals run by the State Governments themselves or by arrangement with other local body or private hospitals either by reservation of beds or through some alternative method. Accordingly, when the Scheme was implemented in Kanpur, the Government of Uttar Pradesh issued instructions to the government hospitals in Kanpur to give priority to insured persons for in-patient treatment in those hospitals. The Insurance Medical Officers were free to send deserving cases for hospitalisation. The Superintendent of the hospital could, however, screen the cases. The working arrangement was that hospitals had set apart certain number of beds for the use of E.S.I. patients. They had also arrangement with the Administrative Medical Officer in the State to maintain in the hospitals a stock of essential and life-saving drugs and medicines and also of X-ray films. These hospitals also served as specialists' centres for specialist advice on the cases referred to them by the Insurance Medical Officers. For specialists' services, however, the insured persons had to queue up alongwith other citizens and no particular priority was given. The State Government did not agree to reserve beds in these hospitals on payment basis as they were hesitant to accept this as a legal liability because of the general shortage of beds in the State hospitals. Similar arrangement was made in Delhi for in-patient treatment of insured persons. The insured persons were referred to the government hospitals for treatment where they took their turn as other citizens. The position was, more or less, the same when the Scheme was implemented in seven industrial centres in the Punjab a year later.

3. From the point of view of the Corporation this was not an entirely satisfactory arrangement and the Corporation, therefore, insisted that the State Governments should make better arrangement by reservation of beds in the hospitals for which payment should be made to the hospital authorities on an agreed basis. By the time the Scheme was started in the bigger industrial centres like Bombay, Calcutta and Madras, the need for adequate hospitalisation arrangements and specialists' services was more clearly recognised and the State Governments

concerned made more formal and definite arrangements for reservation of beds in government, municipal or private hospitals not only for general treatment but also for the tuberculosis and maternity cases. As, however, there was no effective control machinery to supervise and ensure the observance of stipulated standards in the hospitals where beds had been reserved, there were complaints all over the country regarding the nature of the arrangements. In many cases the number of beds which were reserved were not found sufficient. There were long periods of waiting not only for specialist treatment but also for medical and surgical cases. The treatment meted out to the insured persons had at many places been found to be no different from that meted out to the general public. Serious complaints were made about insufficiency of hospital facilities. Not all States had arrangements for hospital beds even on the basis of a modest yardstick originally fixed by the Corporation which provided for general (medical and surgical) beds on the basis of one bed for every 800 employees, for tuberculosis, one bed for every 1,000 employees and for maternity cases, one bed for every 500 insured women. In the natural desire to implement the Scheme all over the country as speedily as possible, it was perhaps not found easy to consider the question of hospitalisation in all its aspects and to provide satisfactory facilities for in-patient treatment.

4. The matter has been engaging the attention of the Corporation from the very beginning, and various attempts have been made to improve the position. The General Purposes Sub-Committees of the Corporation which have inspected arrangements in various States from time to time were also critical of the conditions obtaining in many of the hospitals where beds had been reserved for insured persons, particularly in the case of private hospitals. In December, 1952, the Corporation approved the recommendation of the Standing Committee that hospitals for the insured persons should mainly be annexes to existing hospitals and not necessarily costly orthodox types of hospitals. In the following year, as funds started accumulating, the Corporation gave a general approval to utilisation of surplus funds for incurring expenditure in connection with the provision of hospital accommodation. In October, 1954, the Corporation approved the proposal to advance loans to the State Governments for construction of hospitals in which the Corporation itself would bear 3/4th of the cost. A committee was set up to approve estimates and plans for hospitals proposed to be constructed. As the progress was still slow, in December, 1955, the Corporation reviewed the position and offered three alternatives to the State Governments for construction of E.S.I. hospitals. The State Government could construct and own the hospitals by taking loans, if necessary, from the Corporation, the rent of the hospital being shared between the State Government and the Corporation in the usual ratio; the hospital could be the joint property of the Corporation and the State Government; or it could be the sole property of the Corporation, the rent being shared between the State Government and the Corporation in the usual ratio. A hospital committee was set up to examine proposals from the State Governments.

5. In the year 1954, the Corporation also decided that it might construct dispensary buildings, share the cost thereof with the State Governments and grant loans to the State Governments for meeting their share where necessary. The Corporation drew out plans for construction of hospitals in consultation with the State Governments and prepared a blue print for ensuring rapid progress. The actual progress of construction was, however, slow during the early years despite attractive terms offered by the Corporation. With the passage of time, it has become exceedingly difficult to acquire suitable land at suitable sites for the construction of hospitals and dispensaries. The process of acquisition is also long and time-consuming. If plans had been made earlier, there might not have been as much difficulty as was actually faced later. The general shortage of building material and equipment, particularly of cement and steel, has added to the difficulties and has made the progress slower than anticipated. Government should give facilities for release of cement and steel required for hospital construction.

6. Although a certain amount of delay was unavoidable since plans, estimates had to be prepared from scratch and other technical formalities had to be carefully considered, the construction of hospitals could undoubtedly have been expedited, if the State Governments had given it adequate priority in their plans. It is unfortunate that whenever any economy had to be effected, it was mainly in the field of social services. Since all proposals had to go through the administrative procedures both in the State Governments and in the Employees' State Insurance Corporation, the administrative delays involved were also greater than they might have been if only one agency was responsible for their construction. The fact, however, cannot be gainsaid that the construction of hospitals under the Scheme has been tardy and that at least some of the causes for this tardiness were avoidable.

7. It has, however, to be noted that during the recent years, there has been a significant improvement in this respect. This can be seen from the fact that while during the first twelve years the total number of hospital beds provided directly by the Employees' State Insurance Scheme was only 357, during the five years from 1960 to 1964 this figure rose to 2,161. The number of beds available in Employees' State Insurance hospitals at the end of each of the past five years is also indicative of the rapid improvement in this respect :

Year	No. of beds in ESI hospitals
1960-61	357
1961-62	1045
1962-63	1374
1963-64	1804
1964-65	2161

8. To mention the progress in hospital construction during the past few years is not to suggest that it is anywhere near adequacy.

When we visited the Headquarters of the Corporation in New Delhi in August, 1965, we were given certain figures about the coverage of the Scheme as on 31st June, 1965. The figure of insured persons given as on that date is 32.56 lakhs. By the present yardstick of eleven beds per 1,000 insured persons and their families (including tuberculosis and maternity beds), this number of insured persons will have to be provided with over 35,000 hospital beds in all. Actually, the Scheme has been able to provide only 5,281 beds in all upto that date. Even by the earlier very modest yardstick, more than double that figure should have been provided. Even out of these 5,281 beds, only 2,161 are in E.S.I. hospitals or annexes, the rest, about 60 per cent of the total, are still only by reservation in other hospitals.

9. The deficit is even more shocking in the case of tuberculosis beds. By the present yardstick, there should have been over 12,500 T.B. beds. Even by the earlier yardstick of one tuberculosis bed for every 1,000 insured persons, there should have been about 3,300 beds for Tuberculosis. Actually, there are only 1802. Out of these only 425 are in E.S.I. hospitals, the rest in other hospitals.

10. Even at the present improved rate of new construction and even if the number of insured persons does not go on rising, as it is bound to, the vast deficit in hospital beds will take an unconscionably long time to be made up. Actually, the deficit seems to be increasing as the rate of new construction is still behind the rate of extension of the Scheme itself.

11. The situation is evidently serious and the complaints made by the workers in this regard are justified. It is clear that only a radical change in the present approach to the task can offer any hope of significant improvement. We feel that the lack of adequate interest on the part of some State Governments has been one of the principal causes of this poor performance. We would make the following suggestions to speed up the construction of hospitals :

- (i) The responsibility and initiative for the construction of hospitals should be entirely transferred to the Employees' State Insurance Corporation.
- (ii) The Regional Directorates of the Corporation should estimate the bed requirements in their regions over the next five years and make plans for them.
- (iii) The Regional Directorates should look for suitable sites, get estimates made, etc.
- (iv) The Corporation should have a civil engineering division to plan and look after the engineering aspect of the work.
- (v) As sites are located, the Regional Directorates, after getting approval of Regional Boards, should approach the State Governments for their acquisition. It is hoped that the State Governments will act with all possible speed to acquire the sites.
- (vi) The Corporation should be authorised to call for tenders for actual construction, scrutinise the tenders and give contracts.

Safeguards like those in the matter of grant of Government contracts can be prescribed to ensure that only reputable and bonafide builders can be given the contracts. The actual construction can also be entrusted to the National Building Construction Corporation, if it is willing to do it, at competitive rates.

- (vii) The Government should give high priority to the Corporation in the allotment of steel and cement for the construction of hospitals.
- (viii) The present emphasis on very large, lavishly constructed hospitals should go. Instead, the Corporation should build a large number of medium and small hospitals even in 'big industrial centres. These can be built more speedily. Where land is not a problem, barrack type construction may further speed up the work. Such medium and small hospitals also need not be equipped to take care of all possible specialities. They may be equipped on more modest standards to take care of normal indoor patients, perform routine surgery and so on. The few cases that might need more specialised attention can be transferred to the large, well-equipped hospitals which have been built in most of the larger centres. The State Governments should be requested to set aside space for such medium and small hospitals whenever they undertake any industrial housing projects.
- (ix) With a view to meet the difficulty of the industrial workers who live alone or in company with other workers in industrial housing colonies and therefore who have to go to hospitals whenever taken ill, one house in the block of workers' houses may be converted into a "sick-bay". This may be placed under the charge of a trained nurse and under the general supervision of a medical officer. This would not only meet adequately the situation created by the unsatisfactory housing conditions of the workers which do not permit treatment or nursing in the home, but would also greatly reduce the pressure on the hospitals for admission of cases which do not need a specialist treatment. The IMO/IMP to whom the insured person is attached may treat the case as a domiciliary one.

12. While steps like those indicated above will help speed up the construction of hospitals, the most important requirement we feel, is a new sense of urgency among all those connected with this work. It must be realised that the delay in hospital construction is really a breach of a solemn promise given to the insured persons and a major failure of the Corporation and the State Governments in the discharge of their responsibility.

13. During our visits, we found noticeable differences in the standard of construction of hospitals, their staffing, administration and the services available therein. We are aware that since the State Governments are primarily responsible for these functions, a certain variation is

perhaps unavoidable. For instance, one of the E.S.I. hospitals recently constructed at a cost of Rs. 29 lakhs is already showing cracks in the plaster and its flooring is of a poor quality, hardly suitable for a hospital. The E.S.I. hospital at Bangalore does not have any full time specialists to attend to the indoor patients. The specialists attached to the hospital work as honoraries, who only examine the patients at the time of admission and prescribe the treatment. They complained that they had neither the assistance of junior doctors from the hospital in their examination chambers nor the facilities for keeping in touch with the patients, watching their progress and modifying the treatment from time to time according to the changing conditions of the patient. They stated that because of this, they were compelled to take those insured persons, who require closer observation, to the other major public hospitals where the specialists could keep a watch on the condition of the indoor patients. We visited the E.S.I. Hospital at Madras twice at an interval of about a year but found that several facilities were still lacking at the hospital even at the time of our second visit. The E.S.I. hospital at Hyderabad has been constructed at a cost of over Rs. 25 lakhs and was commissioned in March, 1964, with 25 beds. Its full capacity is intended to be 150 beds. We visited the hospital in May, 1965, and found that it was still far from fully equipped. The operation theatre was not ready and the X-ray unit was in the process of being installed. The hospital did not still admit surgical cases. Yet, in spite of being thus inadequately equipped, the hospital had been thrown open by the Andhra Pradesh Government to the families of the insured persons with effect from 15th May, 1965. In the Mahatma Gandhi Memorial Hospital, Bombay, there is a large and well-equipped rehabilitation department with a trained staff for the partially disabled insured persons. Several other E.S.I. hospitals do not seem to have been provided with this service. On the other hand, we also found that in the Mahatma Gandhi Memorial Hospital, which is supposed to provide allopathic treatment, there were quite a number of doctors who had only ayurvedic, unani or integrated qualifications.

14. We feel that this state of affairs is far from satisfactory. It may be that the construction of hospitals inevitably takes time; but we feel that there is no insurmountable difficulty in the matter of prescribing reasonably uniform and satisfactory standards in the construction of the E.S.I. hospitals, in their staffing and in the standards of services given by them all over the country. The Medical Benefit Council should give a careful thought to this matter and should evolve suitable and definite norms to be observed in all the States. Since the State Governments themselves are represented on the Medical Benefit Council, there need not be any fear that the norms so prescribed will be unrealistic or impracticable. We would further suggest that the superintendents of all the major E.S.I. hospitals should be enabled to pool their experiences and to learn from each others experience, so that not only a reasonable degree of uniformity but also continuous improvement may be possible in these hospitals and in the service rendered by them. Periodical meetings of the superintendents of the E.S.I. hospitals and also exchange of

periodical reports among the E.S.I. hospitals will, we trust, help greatly in this respect.

15. We would also like to emphasise here that Regional and Local Medical Benefit Councils, with an adequate representation on behalf of the insured persons, should be given facilities to keep in touch with the working of the E.S.I. hospitals and of dealing with complaints and suggestions regarding them. This will help create confidence among the insured persons that their grievances regarding the conditions and the treatment at the hospitals will get due and prompt consideration.

Treatment for Tuberculosis

16. We have already mentioned earlier that the hospitalisation facilities for tuberculosis patients under the E.S.I. Scheme are regrettably meagre. Since the incidence of this disease is reported to be high, especially in the large and congested industrial centres, the urgency of proper care of tuberculosis patients among the insured persons is all the greater. Lack of proper care not only causes aggravation of the condition of those who are already suffering from the disease but also multiplies the risk of contagion to others.

17. In view of its importance we made a special study of this problem for Delhi and Bombay in April/May, 1964. The study revealed a very unsatisfactory situation. The main features revealed by our study were :

- (i) The time lag between the date of recommendation for hospitalisation and the actual admission into the hospital at Delhi was on the average about 10 months, and at Bombay it varied from 15 days to two months.
- (ii) Both at Bombay and at Delhi 33% cases of the total admissions during the year 1963 were admitted as emergency or priority cases. Such a high percentage of out of turn admissions showed that there was need for machinery for the detection of cases of tuberculosis at early stages.
- (iii) The duration of hospitalisation varied from six months to fourteen months in case of regular admission at Delhi and from six days to two months at Bombay. At Delhi, normally a minimum of six months hospitalisation was given to insured persons admitted on regular basis, but at Bombay two months' hospitalisation was the maximum regardless of the condition of the patients.
- (iv) The patients admitted as emergency cases were discharged from the hospital as soon as the emergency for which they were admitted was over, even though they might still be in need of hospitalisation and their names continue on the waiting list. It was observed that generally every sixth or seventh case was a repeat case and the number of repeat admissions varied from two to six. Such repeated admissions instead of

doing any good to the patients obviously aggravate their condition. Over and above that, they create an aversive psychological effect on the mind of the patients and their family members and give a bad name to the hospital and the Employees' State Insurance Scheme.

18. The study also convinced us of the need to educate the workers against this infectious disease which is a great social evil. We observed that after their discharge from the hospital the insured persons do not generally attend the clinics regularly and thus in many cases there is a relapse of the old disease. The situation can be remedied only by educating the workers. We also observed that no uniform procedure was being followed for maintaining complete record about the treatment, admission, discharge and follow-up of the patients treated at the tuberculosis clinics in the hospitals. The maintenance of complete record on scientific lines in respect of patients suffering from tuberculosis can alone enable the Government to plan out nationwide preventive and corrective measures. The data being maintained at present is too sketchy to be of much use.

19. Improvements in the treatment of tuberculosis cases, we emphatically feel, cannot wait till adequate hospital accommodation becomes available. Certain remedial measures will have to be taken without delay if the situation is not to be permitted to aggravate further. This, of course, is not to suggest that the process of hospital construction may be slowed down. Urgent attention, we repeat, has to be given to the construction of hospitals themselves. What we suggest below is not by way of a substitute for tuberculosis hospitals but something to supplement them immediately.

20. The present thinking appears to be that hospitalisation is really necessary only in a relatively small proportion of tuberculosis cases. What is necessary in a large proportion of cases is that proper medical treatment is followed by the patient regularly and strictly over fairly long periods of time and also the necessary precautions against contagion are taken. This can be done by the tuberculosis patients even at home provided they are properly instructed about the precautions etc. to be taken. It must also be ensured that the condition of the patients is kept under regular watch and the treatment routine is properly followed.

21. A study made by the Tuberculosis Chemotherapy Centre, Madras, under the joint auspices of the Indian Council of Medical Research, the Madras State Government, the World Health Organisation and the Medical Research Council of Great Britain, with regard to the 'Role of Diet in the treatment of Pulmonary Tuberculosis' revealed that "the diet plays little, if any, part in the attainment of bacteriological quiescence at the end of a year in patients receiving standard combined chemotherapy. Since over-crowding has also been shown to be unimportant it may be concluded that the successful treatment of patients in their homes in developing countries needs not await a rise in the standard of living. Successful treatment of patients on

a mass scale can begin as soon as adequate supplies of medicaments are available and as soon as the necessary supervision of the patients can be organised". The above study also confirmed that the response to treatment was not directly associated with the level of dietary intake of any of the food factors, either in the patients treated at home or in those treated in sanatoria. The successful initial treatment of patients at home is, therefore, possible even if the level of dietary intake remains low.

22. This study has encouraged us to make the following suggestions which we trust may help in improving the medical care against tuberculosis at least as a short term measure :

- (i) An extensive campaign to educate all workers against the evils of tuberculosis, particularly against the risk of contagion and the precautions to be taken to avoid it.
- (ii) Special facilities at E.S.I. dispensaries, hospitals or through the IMPs for the tuberculosis patients. Regular attendance by them at these dispensaries must be obligatory. Failure to attend regularly without adequate cause may be made a ground for curtailing or suspending cash benefits for short periods. This may act as a deterrent against failure to attend the dispensary regularly.
- (iii) The domiciliary treatment should be supplemented by better facilities for deep X-ray and sputum smear examinations so that the conditions of the insured persons can be kept under constant watch without hospitalisation.
- (iv) Organised campaign for early detection of tuberculosis infection.

23. If the facilities for treatment of tuberculosis without hospitalisation are thus extended the number of cases needing hospitalisation will be much fewer than at present.

Cancer and Mental Diseases

24. So far as the question of facilities for treatment of cancer and mental diseases is concerned, it may not be possible to have exclusive institutions for the treatment of insured persons alone under the Scheme. The number who may need hospitalisation for these diseases is not likely to be large and hence exclusive institutions for insured persons alone will be uneconomical. On the other hand, there is no doubt that the present facilities available for their treatment are very meagre and need to be extended substantially. At present the patients suffering from these diseases are referred to the general hospitals to be treated there like any other citizen. The Employees' State Insurance Scheme being contributory, the insured patients are entitled to better treatment and facilities such as are available to patients who pay. We suggest that the Scheme should make standing arrangements with the institutions which specialise in the treatment of cancer or mental diseases, for the treatment of insured patients on payment of normal fees and these

patients should get the same standard of treatment and facilities as the other paying patients at these institutions.

Special Wards in E.S.I. Hospitals

25. The Employees' State Insurance Act is being extended to cover employees drawing higher wages and we have recommended earlier that the income limit for coverage under the Act should be raised to 1,000 per month. A part, albeit small, of the total insured population will, therefore, come from the relatively well-paid groups of employees. It was represented before us that these employees and their families are accustomed to higher standards of facilities and medical services and would not like to be lumped with the general mass of insured persons for the purposes of medical benefits. It was suggested, therefore, that special facilities should be provided at the E.S.I. dispensaries and special wards in the E.S.I. Hospitals for the use of insured persons in the higher income bracket.

26. We have given careful consideration to this suggestion, but are unable to accept it. Such discrimination in favour of the higher-income employees will, we feel, be invidious and not consistent with the spirit of a social insurance scheme in a democratic set up. The social objective in our country is to reduce disparities. We are emphatically of the view that the facilities available under the Employees' State Insurance Scheme should be uniform for all insured persons regardless of their income.

27. Another suggestion which was made in the same context was that the Employees' State Insurance hospitals should have special wards which any insured person could avail of on prescribed fee. We are unable to accept this suggestion either. It will introduced discrimination by the back door. If the fees charged for the special wards are too small, a large number of insured persons will ask for being put there and their advantage as special wards will cease. If the fees are kept high, only the well-paid insured persons will be able to avail of them in practice. What is more serious, the provision of paid special wards is likely to lower the standard of facilities and service in the general wards since there will be a natural tendency to give greater attention to the special wards. Once it is recognised that every insured person is a paying patient and not a charity-seeker, there can be no justification for special wards on payment.

28. Appendix XII gives details about the number of hospital beds available under the Scheme as on 31st March, 1965, and the number of beds required as per yardstick laid down by the Corporation. Appendix XIII shows statewise progress of the construction of hospitals/annexes/wards in different centres as on 31st March, 1965.

Reservation of Beds in the ESI Hospitals for Treatment of General Public

29. A suggestion has been made that, beds should be reserved on payment in the E.S.I. hospitals for the use of the general public at places where there are no other facilities available for them. The

argument advanced is that sooner or later there will be a country-wide National Health Scheme under which hospitals and health centres would serve the needs of the people living in a particular area, irrespective of their status as industrial workers, government employees or general public. The need to pool for the benefit of the population, including the industrial workers, all the available resources in the country in the matter of hospitals, dispensaries equipment and medical and para-medical staff has also been stressed as an argument in support of this suggestion.

30. The Estimates Committee of the Parliament had also given thought to this question and it made the following observations in this regard *vide* para 33 of its 90th Report (Part III—Social Security and Miscellaneous—1959-60) :

“The Committee were given to understand that except in emergency cases, persons other than those entitled, are not treated in the hospitals constructed under the Employees’ State Insurance Scheme. It is contended that these hospitals are financed mainly by contribution from workers and employers and therefore it would not be proper to allow other persons in such hospitals. The Committee suggest that while giving priority to the workers, the question of throwing open surplus beds in a hospital to the general public may be examined. The State Governments may, however, be asked to make a bigger contribution when general public is also allowed access to the hospitals of the Corporation. This is particularly important from the point of view of making available specialist services to all living in a particular area.”

31. We agree that any regimentation or class distinction in the provision of medical service would detract from the ultimate goal of building up a National Health Service. A single large fully equipped hospital in an area, maintained through combined resources and the financial arrangement with all concerned, is the most economic way of providing good and uniform standard of medical facilities and full specialist cover. Such an arrangement will have an additional advantage in so far as it will enable the Employees’ State Insurance Corporation to construct and maintain hospitals even in areas where the concentration of insured population is not big enough to warrant establishing of an independent hospital. By a suitable financial arrangement, the surplus beds could be placed at the disposal of the State Governments for use of the general public.

32. The only objection that has been raised is that the E.S.I. funds built out of the contributions of the insured persons, cannot legitimately be utilised for the benefit of persons other than the insured persons. We feel that so long as the surplus beds are paid for by the State Governments, there should be no difficulty in entering into such an arrangement. If, however, there is any impediment in the Employees’ State Insurance Act against this, that may be removed by a suitable modification. It should, however, be ensured that the beds are made

available to the general public only if they are surplus from the needs of the Employees' State Insurance beneficiaries and that no E.S.I. beneficiary is deprived of the hospitalisation facility simply because the beds have been made available for the general public. Needless to state there is at present inadequacy of beds even for the beneficiaries under the Employees' State Insurance Scheme in several centres where this proposal may not be practicable.



CHAPTER XI MEDICAL BENEFITS—GENERAL

Preventive and Restorative Care

So far, the Scheme has occupied itself only with curative medical care to the insured persons and their families. The replies to our questionnaire, as well as the oral evidence tendered before us, were emphatic in urging that the Scheme should begin preventive and restorative work on a large scale without delay.

2. There is no doubt that sickness makes serious inroads in the happiness of families. Further, it also causes avoidable absenteeism and consequent loss of efficiency and productivity both of the individual employee and of the industry. Sickness takes a heavy toll of the lives of infants and children in our country. Childhood sickness causes permanent impairment of health and lowers the capacity to live a full and productive life. In many places, the insured population forms a fairly substantial proportion of the total population. The standard of health of the insured population has, therefore, a far-reaching effect on the general health standards. It is thus obvious that for human, social and economic considerations the prevention of sickness among the insured persons and their families must be regarded as an important objective.

3. Preventive and restorative work by the Scheme is also good business policy. More than half of the total expenses of the Scheme are on medical benefits. Cash benefits have also to be paid out whenever an insured person is incapacitated due to illness or injury. The medical and cash benefits together constitute almost 90 per cent of the total draft on the funds of the Corporation. Any reduction in the incidence of sickness will obviously result in corresponding savings in both the medical and cash benefits. The efforts and expenditure devoted by the Scheme to prevention of sickness and restoration of working faculties will, thus, be more than recouped by lower burden of benefits. We, therefore, endorse the suggestion that the Scheme should address itself to preventive and restorative work in order to promote positive health among the insured persons and their families.

4. We do not feel competent to spell out the details of the preventive work to be undertaken by the Scheme. That must be left to the various authorities in the field of public and industrial health. We, therefore, restrict ourselves to making certain broad suggestions about what appears to us to be possible and desirable.

5. There is, we feel, the need for an extensive health education programme and the Corporation would be an eminently suitable agency to plan and launch such a programme. The co-operation of the trade unions, employers, State Governments, local bodies and others should be enlisted for the purpose. The Central Board for Workers' Education and its Regional Offices could be requested to include general health

and industrial health as an important subject in their courses. Posters, charts, film-strips, documentaries, brochures, and such other media of mass communication can be used to good purpose for conveying to the insured persons and their families the importance of keeping healthy and the ways of doing so.

6. A preventive service of the highest importance and urgency is the immunisation of infants and children against those ailments for which preventive vaccines are available, *e.g.*, triple vaccine, BCG, anti-polio vaccine and vaccination against small pox. Since the insured persons and their families are more or less constantly in touch with the doctors, appropriate prophylactic measures can be taken at the proper stages for their children. This should go a long way in reducing the incidence of sickness since the incidence is always particularly high among children.

7. The importance of an organised preventive campaign against tuberculosis needs no emphasis. The suggestion that was made before us from all sections was that all the beneficiaries under the Scheme should be subjected to periodical screening to detect T.B. infection at the earliest stage and that appropriate treatment should begin immediately on detection of infection. Considering that the total number of beneficiaries is already over a crore, this will undoubtedly be a vast undertaking. The equipment and trained personnel on the scale required will be difficult to secure. We, however, strongly feel that the size of the task should not be an excuse for not doing anything. Action on a selective basis can be started even with the available resources and equipment. To start with, the areas and centres where the incidence of tuberculosis is known to be especially high among the insured population should be taken up. These will probably include the centres which have a heavy concentration of insured persons, like Bombay, Calcutta, Kanpur, Ahmedabad and Madras. Since the protection of the employee himself is particularly important, both for the well-being of the family and for the efficiency in industry, the campaign should seek to reach all the insured persons in the first instance. Every insured person at the centres selected for the purpose should be screened. Those who have a record of frequent spells of sickness should be called for early screening besides those who will be covered in the routine course. Those who are suspected of being infected should be immediately put through more elaborate investigations. Those in whom infection is confirmed should be put under treatment. The members of the families of the infected insured persons should also be screened immediately and treatment begun wherever needed.

8. Such a preventive service against T.B. will, naturally have to be co-ordinated with the work of the public health authorities in this field. An extensive anti-tuberculosis campaign is already under way in our country and the campaign to be launched under the Employees' State Insurance Scheme should be fitted into the general scheme of the national campaign, though its execution should be the responsibility of the Scheme. Available resources, equipment and personnel being limited,

we realise that it may not be possible for all the insured persons even in the selected centres to be covered every year by the campaign. That, however, does not detract from its value or success. Even if only a half or a quarter of the insured persons could be covered each year, the infected cases within the portion covered will be detected at an early stage and further aggravation prevented. Besides, all the insured persons will be covered in the course of a few years. As more resources and equipment become available, it will, no doubt, be possible to cover more centres and also to increase the frequency of screening. We have already suggested above that BCG vaccination of the children of insured persons should be done through the Scheme. This should materially reduce T.B. incidence in the long run.

9. The operation of the medical benefits under the Scheme furnishes a large volume of statistical information regarding the pattern of sickness among the insured persons and their families in different States. The break-up figures of the new cases of sickness according to States and diseases are, we feel especially informative and should give valuable data of the pattern of sickness and for planning counter-measures. For instance, these figures reveal that the incidence of certain ailments is abnormally high in particular States. West Bengal has a very high incidence of dysentery, West Bengal and Mysore of influenza, and so on. Such abnormal incidence of particular ailments in particular areas or States should be carefully investigated in order to ascertain their causes. Counter-measures could then be planned and launched jointly by the E.S.I. Scheme, the State Government, and local bodies etc. It appears that at present this vast and potentially valuable information that accumulates with the Corporation, is not given any further attention or study beyond being published in its Annual Reports. We suggest that the Corporation should set up suitable expert machinery to analyse regularly this information and statistics and to suggest areas in which abnormal incidence of particular ailments could be checked by proper action. The Corporation should without delay initiate fuller investigation into such diseases in such areas and devise and launch counter-measures with the co-operation of the State Governments and local bodies. We are sure that if through such action, even a small improvement in the conditions in such abnormally bad sectors could be achieved, that will mean a very substantial benefit to the insured persons directly as well as to the general population, and a not insignificant saving to the Corporation itself.

10. This, of course, presupposes that the statistics collected and published are accurate. There is, unfortunately no certainty about that today. The Annual Report of the Corporation for the year 1963-64, gives in Table XXI at pages 65-90, the figures of the incidence of different diseases in different States. The figures of incidence for the State of Andhra Pradesh are so high for almost all the diseases and are so far above the national averages, that they are unlikely to be correct. We invited the attention of the representatives of the Government of Andhra Pradesh to these figures when they appeared before us for oral evidence. They were sure that the incidence of the various

diseases was not significantly higher in Andhra Pradesh, than in the country as a whole; but they could not explain why the figures coming to the Corporation from their State were so high. There is evidently some error somewhere in the compilation of these figures for Andhra Pradesh. Another possible source of inaccuracy in these figures generally, may be the fact that the doctors do not always mention the diagnosis in every case and that several insurance medical practitioners do not submit to the Corporation complete information in time. We would like to stress that the information and statistics about sickness are very valuable data available to the Corporation and to the country as a whole and that every effort should be made to ensure that these are both complete and accurate.

11. Apart from general preventive work as suggested above, we feel that special preventive care of individual insured persons should also be arranged under the Scheme. The medical record of an insured person will show whether he gets ill unduly frequently. Where such is found to be the case, there is likely to be some basic ailment causing the frequent spells of illness and the spells themselves go on sapping the vitality of the insured person and thereby making him more susceptible to other ailments. We, therefore, suggest that all insured persons who suffer from frequent spells of sickness, say three or more spells within a period of 12 months, should be referred to specialists for complete check up. Any pathological investigations that may be recommended should be carried out and the insured person should be put on a regimen prescribed by the specialist to build up his general health and vitality and to protect him against further spells of sickness. This procedure will incidentally act as a check on malingering as we have observed earlier in the chapter on Cash Benefits.

Family Planning

12. It has been strongly urged before us that the E.S.I. Scheme should undertake immediately programme for family planning on the widest possible scale. Family planning is now an accepted national objective in our country. Its immediate benefits to the insured persons are also self-evident. We agree with this suggestion and recommend that the Scheme should pay all possible attention to family planning among the insured persons. The details of the programme should be worked out in collaboration with the family planning plans of the respective State Governments and there should be full co-operation with them so that there may be no duplication of efforts and expenditure. All hospitals and dispensaries under the Scheme should have facilities for advice, supply of appliances, and insertion of IUCDs etc., and the hospitals should have facilities for sterilization operations. The incentives that are offered by the Central or the State Governments to those undergoing sterilization operations should be available to the insured persons also. The dispensaries, hospitals and the doctors in the Scheme constitute a ready and extensive machinery which is in close contact with the insured persons and, therefore, eminently in a position to carry on education and propaganda among the insured persons for family planning.

13. At its meeting held in September, 1965, the Corporation decided that with a view to providing incentive to insured persons and their spouse for undergoing sterilization operation a cash allowance of Rs. 15 for the male and Rs. 25 for the female may be given out of their Funds. While the intention is laudable, we do not subscribe to the view that in the case of insured persons this liability should fall on the Corporation. The State Governments are giving similar cash allowance to other citizens in the State who undergo sterilization operation in the State hospitals. There is no reason why they should absolve themselves of their responsibility in this respect with regard to the industrial workers insured under the Employees' State Insurance Scheme. By virtue of their insurance they do not cease to enjoy the rights which otherwise they have as citizens of the State. We think this charge on the funds of the Corporation is not legitimate. It should be borne entirely by the Government, as in the case of the rest of the population.

Rehabilitation Measures

14. Industrial accidents cause permanent partial disablement to several thousand employees every year. They have to be paid permanent disablement benefit for the rest of their lives from the funds of the Corporation. The human factor in such disablement cases is, however, even more important than the monetary aspects. In most cases, the disability itself is not very high and the permanent disablement benefit that the employee gets is not very much. The disability, however, often makes it very difficult for the person to find suitable job since employers are not very willing to keep a disabled person, even if only partially disabled, on work. Besides, the loss of faculty resulting from the injury often renders the person incapable of living a full and normal life even if he is fortunate enough to get employment. It is, therefore, of the highest importance that every effort is made to restore to normalcy, as fully as possible, every person suffering disablement due to an accident or injury. This also applies to disabilities resulting from sickness or non-employment injuries, though in such cases, there is no financial burden of permanent disablement benefit payments on the Corporation.

15. Section 19 of the Employees' State Insurance Act provides that the Corporation may in addition to the scheme of benefits specified in the Act promote measures for the improvement of the health and welfare of the insured persons and for the rehabilitation and re-employment of those who are disabled or injured and may incur in respect of such measures expenditure from the funds of the Corporation within such limits as may be prescribed by the Central Government. The Corporation has, however, not so far made any arrangement for the rehabilitation of disabled insured persons except to the extent of providing artificial limbs at the Army Artificial Limb Centre, Poona.

16. It has been suggested that the Corporation should undertake an effective programme of rehabilitation, re-training and re-employment of permanently disabled insured persons and for the attainment of this

objective, institutional rehabilitation care should be provided. It was also suggested that there should be provision for alternative occupation in the units. Another suggestion was that a rehabilitation fund may be maintained for payment of grants-in-aid in lieu of rehabilitation facilities.

17. The Scheme is concerned essentially with medical rehabilitation of the disabled person. Industrial rehabilitation which covers re-training and re-employment facilities, is appropriately the function of the Ministry of Labour and Employment, Directorate of Resettlement. However, we would support the setting up of institutions for industrial rehabilitation by the Government.

18. In order to gauge the size of the problem, we made a study of the permanent disablement cases which arose during the year 1963, in Maharashtra Region. The study revealed that out of 828 cases examined, in 552 cases i.e. in 67 per cent of the cases resulting into permanent disablement, physiotherapy and vocational rehabilitation measures appeared necessary and it was evident that the period of temporary disablement and the extent of permanent disablement might have been reduced considerably if improved physiotherapeutic aids were available. It was also observed that in many cases injured fingers and limbs had become stiff and unserviceable leading to award of loss of earning capacity as if there had been a complete loss of finger or the limb. This was attributed to lack of adequate physiotherapeutic and rehabilitation aids.

19. In developed countries, the rehabilitation of the sick and injured is a continuous process starting from the onset of sickness or injury. It includes measures (a) to prevent undue loss of physical and mental functions during illness, (b) to assist convalescent patients to recover full functions and to resume their normal way of life without undue delay and (c) to help those for whom permanent disablement is unavoidable to regain the maximum possible physical and mental functions, to adopt to their residual disability and to live and work in the conditions best suited to their capacity.

20. There is a three-fold approach to the problem: directly by means of remedial exercises, physiotherapy and specific occupational therapy; indirectly by means of games, group exercises and occupational therapy; and obliquely by trying to solve the disabled person's social, financial and related problems. Lately, there is a shift in the emphasis from individual to group treatment, and from passive to active therapy as the patient progresses. Treating patients in groups is considered preferable to treating them individually as it helps the patient to get his disability, temporary or permanent into perspective. It also subjects him to a group discipline and enables the specialist to pick up one who is not making the desired progress. Moreover, the element of competition in a group helps stimulate positive motivation.

21. An adequate rehabilitation and restoration service as a part of the medical care under the Scheme is, therefore, essential. At present only some of the hospitals under the Scheme have rehabilitation sections.

A few other hospitals in which beds have been reserved, like the Tirath Ram Shah Hospital in Delhi and the Bon-Hooghly Hospital in Calcutta also have rehabilitation units. However, these are inadequate and need to be vastly expanded and spread out. We have no hesitation in recommending that every E.S.I. hospital in centres with an insured population of 50,000 family units or more, should have a properly equipped and staffed rehabilitation unit. Besides, there should be established in bigger industrial centres like Bombay and Calcutta, full-fledged Medical Rehabilitation Centres with arrangement for whole-day institutional care on the lines of similar institutions in Great Britain and other countries reference to which has been made above. We learn that on account of recent hostilities, Army Artificial Limb Centre, Poona, has stopped admitting civilian patients including insured persons and the services of the Centre may not be available for some time to come. During our visit to Bon-Hooghly Hospital, Calcutta, and Tirath Ram Shah Hospital, Delhi, we have observed that they have also good arrangements for fitting of artificial limbs. We feel that the existing arrangements in these institutions should be utilised for the disabled insured persons. Facilities of this type may also be available at some other institutions in the country. The Corporation should try to explore all such possibilities.

22. We are not unaware of the fact that trained personnel for rehabilitation services may be even more difficult to find than medical personnel generally in the country. But considering the importance of such a service, we would suggest that the medical training institutions in the country should be encouraged and assisted by the Corporation to provide and extend the facilities for specialised training in rehabilitation work on an adequate scale.

Health Homes and Convalescent Homes

23. Suggestions have been made that the Scheme should provide health homes and convalescent homes for the benefit of the insured persons. The idea is undoubtedly attractive. The financial resources available to the Corporation, however, may not permit of its adoption on any significant scale. Even if it was decided to provide health homes and convalescent homes, they will have to be no more than on a token scale. Considering the number of beneficiaries who might want to avail of them, we doubt if they will amount to any noticeable addition to the facilities provided through the Scheme. The same resources directed to the other more pressing tasks might, in our opinion, bring more worthwhile benefit to the insured population. We would not, therefore, advocate the scheme going in for health and convalescent homes at present.

Improvements in Medical Care

24. The demand for improvement, both qualitative and quantitative, in the medical benefits can never be fully met at any time since there can be no ultimate limit to the standard of medical care that can be provided and the expectations of the insured population will also go on rising. In the developed countries also where the standards

of medical care are relatively much better than in India, the demand for further improvement in them persists and the same is bound to be the case in India too. The availability of resources and personnel, however, will be a limiting factor to the improvement that can be brought about at any given time. We are mindful of the need to keep our recommendations in this respect within the limits of available resources.

25. The contribution income of the E.S.I. Corporation during the three years, 1962-63, 1963-64 and 1964-65 was about Rs. 65, Rs. 67 and Rs. 71 per employee respectively. The share of employers' contribution in this was about Rs. 34 for the year 1962-63 and Rs. 37 for each of the two years 1963-64 and 1964-65. We have recommended earlier in Chapter V of our report that the employers' contribution should be brought up to the full schedule rate under the Act, which is nearly twice the present rate of Employers' Special Contribution. On implementation of this recommendation the average contribution income per employee per year would be about Rs. 100.

26. The Director General of the E.S.I. Corporation in the course of his oral evidence before us stated that the estimated expenditure on medical benefits on the extension of full medical care including hospitalisation to the families of the insured persons will be Rs. 64 per employee family unit per year. This figure is far in excess of the present rate of expenditure on medical care and will necessitate not only raising of the employers' contribution to the maximum permissible level but also augmentation of the resources of the Corporation by financial participation by the Central Government and by the increased share of the burden of the cost on medical facilities by the State Governments. However, it will take a long time before the Corporation actually achieves the target of full medical care including specialist services and hospitalisation to members of the families in all States. In the meantime, the additional funds which will become available should be fully utilised in improving the present facilities.

Certification—absenteeism

27. Under the Regulations, the doctor issues to the insured person a certificate of incapacity when he is found to be physically unfit to work due to illness. This enables the insured person to get leave from his employer and to claim sickness benefit from the Corporation. Most of the employers and their organisations who replied to our questionnaire or gave oral evidence before us have complained that the E.S.I. doctors are lax in issuing certificates of incapacity. The insured persons get medical certificate sometime even when they are not really ill. This, it has been complained, has aggravated the problem of absenteeism in industry and has put the employers to a great deal of trouble and inconvenience. In view of the great stress laid on this by the employers almost everywhere, we sought from them data of actual absenteeism due to sickness for some years, before and after the implementation of the Scheme, in various areas in the country. That would have given us clearer picture of the extent of this problem. Unfortunately, with

the exception of a very few individual factories, no figures of any kind were forthcoming. Such figures as were produced by a few factories were also not enough to justify any general conclusion regarding the seriousness of this problem. At least one major organisation of employers, the Millowners' Association, Bombay, stated definitely before us that they had no ground to suggest that the E.S.I. Scheme had led to increased absenteeism.

28. The statistics published by the Corporation give the following figures of the average number of days of sickness benefit per insured person paid out during the last three years:

Year	Average number of days of sickness benefit paid per I.P. (excluding extended sickness benefit)
1961-62	7.9
1962-63	7.7
1963-64	7.8

It is possible that the actual absenteeism due to illness may be slightly higher than indicated by these figures, since short spells of sickness of two days or less and also the first two days of waiting period even in longer spells do not enter these statistics as no payment of sickness benefit is involved. Even allowing for these factors, the average figure of days of absence due to certified sickness would not be noticeably high. Absence of two days or less at a time cannot be deemed to be induced by the Scheme since the Scheme does not offer any benefit to the insured person in such absence except the medical care which the insured person would not need if the absence results from malingering as is alleged. It is interesting to note that a study made by the British Office of Health Economics of the corresponding data in Great Britain for the ten years period ending 31st December, 1963, revealed that the number of days of sickness benefit per person per year was about fourteen days.

29. In this connection it is worth remembering that prior to the introduction of the E.S.I. Scheme, demands for sick leave with pay used to go up before Industrial Tribunals for disposal and the tribunals generally granted from 7 to 10 days sick leave with full pay or from two to three weeks on half pay every year. The sickness benefit under the E.S.I. Scheme is equivalent to approximately half pay and the actual average number of days of benefit paid per insured person per year is significantly below the corresponding figure usually awarded by the tribunals. This also would indicate that the insured persons, by and large, are not taking unfair advantage of the Scheme by malingering on a large scale.

30. We do not rule out the possibility of a marginal rise in sickness absence among the insured persons. Formerly, when absence

invariably meant loss of pay, it may be reasonably assumed that the worker went to work even when indisposed and needing abstention. Now, he can be absent when necessary, and it is to be expected that he does so more frequently than in the past. Indeed, even some instances of over-indulgence, when a right is newly acquired, are not unusual. A generalisation, that the insured persons as a whole are misusing the facilities of the Scheme and are malingering on a large scale, does not, in our view, have much substance.

31. During the course of our enquiry it was also pointed out that the reluctance of some employers to grant casual leave for a day or two even in deserving cases induced the insured person to obtain leave on a medical certificate. While we do not condone such misuse of medical certificates, these tendencies could, in our opinion, be minimised if the employers allow their workmen to take casual leave for a day or two when really needed.

32. The complaint regarding certification was not from the employers' side alone. It was stated by some doctors that they were often faced with unpleasant situation because some individual insured person insisted on getting a certificate of incapacity even when, in the opinion of the doctor, he did not need abstention. We were told that in a few cases there were threats of violence if the doctor persisted in his refusal to grant the certificate demanded by the insured person. The panel doctors further complained that if they exercised strictness in the grant of certificates, they faced the danger of losing their patients.

33. We tried to assess the extent of such abuse by discussing the subject more fully with the doctors. They generally expressed the view that such threats and abuse were more frequent in the early days of the Scheme but are noticeably fewer in recent years. This is likely to be so since the tendency to over-exercise a right is likely to be more pronounced when the right is just acquired. The doctors further conceded that only a few insured persons tended to misbehave in this manner and a large majority of the insured persons gave no cause for complaints of bad behaviour.

34. It was apparent to us that while some cases of unruly behaviour by the insured persons could not be ruled out, it cannot justify a general complaint that the insured persons are given to such behaviour. As regards the fear of the panel doctors that their patients may leave them if they exercise strictness in the issue of certificates, we think that the remedy lies with the panel doctors themselves. It is upto them to lay down collectively the standards of behaviour of their own members and to enforce these standards through collective action.

35. It is not our desire to gloss over the problem. There is no doubt that malingering is undesirable and even if it is not widespread efforts to bring it down further have to be made. Besides, some really disturbing examples of gross malingering were brought to our notice. In Warangal in Andhra Pradesh, we were told, about 400 insured persons managed to stay unfit for several months after sustaining very minor

cuts or bruises and drew temporary disablement benefit or sickness benefit for long periods. Oddly enough, we found that the E.S.I. medical authorities in the State did nothing whatever to stop this gross abuse. In the course of oral evidence given by the representatives of the State Government, we were told that the said insured persons managed to keep their cuts or bruises festering and the doctors had no alternative except to go on certifying them unfit. Surely, the insured persons could have been kept under observation and could have been deprived of the benefits under the Scheme by proving their mischief. There is no doubt that abuse of this kind must be firmly discouraged.

Acceptance of alternative evidence of incapacity

36. Under the Regulations a medical certificate issued to an insured person from a doctor outside the Scheme can also be accepted by the Corporation in exceptional circumstance, as alternative evidence of sickness for the grant of sickness benefit. It is reported that this provision has also led to some abuse. Insured persons who go out on leave to their native places, it is said, send some kind of certificates of sickness from some local kaviraj or hakim and manage not only to get their leave extended but also to draw sickness benefit on the strength of such certificate. In a large number of cases, it is alleged, these certificates are not genuine.

37. There are undoubtedly some insured persons who misuse the Scheme in this manner. But their number, again, cannot be very large since if it was, the average number of days of sickness benefit per insured person could not have been as moderate as it is. The suggestion that no alternative evidence of sickness should be accepted at all would be hardly justified, as it will cause hardship in many cases of genuine illness. Earlier, in the chapter on cash benefits, we have suggested a procedure of selective checking to deal with insured persons who abuse this facility. An outside certificate submitted by an insured person, who has in the past also done so regularly, should be checked upon for genuineness. Similarly, if a particular medical practitioner from a particular place is found to be issuing an unusually large number of certificates, all certificates coming from him should be checked. On the other hand, certificates issued by public hospitals or dispensaries and reputed medical institutions should normally be accepted without question. Once the insured persons who are in the habit of misusing this facility realise that the certificates submitted by them will be checked and that persistent misconduct of this kind will entail penalties, this abuse, we are confident, will be greatly discouraged, without any hardship being caused to genuine cases.

Sick Visitors

38. It was suggested before us that the institution of 'sick visitors' should be revived to check malingering. We do not feel that this will be a proper use of sick visitors whose proper function, if they are to be revived at all, should be to help and advise the patients in following the treatment prescribed by their doctors. Their usefulness in that

sense will be completely destroyed if they are made to work as spies against the insured persons. That should be the function of the medical inspecting staff or the Medical Referees.

Complaints from insured persons

39. Complaints regarding medical certification were heard from the insured persons also. In some places we were told that the doctors never issued a certificate for less than 7 days even if the insured person was not likely to need abstention for so long. We checked upon this complaint at an E.S.I. dispensary at Bangalore and found that it was true. All certificates issued from that dispensary, we found from the counterfoils, were for 7 days. In some cases, there was no record of the number of days certified. This is evidently not satisfactory besides being contrary to the Regulations. It is unfair to the insured persons as well as to the Corporation. What is equally surprising is that this practice of the doctors at the dispensaries was never noticed at the local offices which dispense the sickness benefits. Some alertness by the AMOs' office as well as at the local offices should have led to this practice being detected and stopped. We cannot over-emphasise the need for vigilance.

Allegation of corruption

40. There were allegations of corrupt practices at some places in the matter of grant of medical certificates. The doctors, it was stated, demanded money from the insured persons for granting certificates, and also that the insured persons and doctors entered into collusion for the issue of false certificates for mutual benefit at the expense of the Scheme. It was obviously not possible for us to investigate into such complaints. The fact that such complaints are made, however, underlines the importance of proper vigilance being exercised in the working of the medical care arrangements under the Scheme.

Supervision

41. Medical care under the Scheme is a vast and complicated undertaking and it calls for proper and close supervision to maintain it in a satisfactory condition. The task of exercising supervision devolves upon the Administrative Medical Officers appointed by the State Governments. The Medical Referees appointed by the E.S.I. Corporation are also responsible for some aspects of supervision. At present Administrative Medical Officers do not appear to have sufficient number of Medical Officers to carry out this supervisory function adequately. Further, they have to look after the administration of medical care in several centres in a State which makes it more difficult for them to devote detailed and day-to-day attention to the problem in each centre. We are, therefore, of the view that the offices of the AMOs should be strengthened and adequate inspecting staff provided to enable them to exercise the kind of detailed and day-to-day supervision which the Scheme demands. We further feel that there is need for the appointment of senior medical officers to assist the AMOs' at all the centres which have an insured population of 25,000 or more. While the AMO should be

responsible for general administration of the medical care in the State as a whole including its extension to new centres in the State, the local medical officers should be entrusted with the day-to-day administrative and supervisory functions. We have already recommended in an earlier chapter that regional and local medical benefit councils should also be set up, wherever necessary, and function regularly and they should be associated with the supervision of the operation of the medical care in their respective centres and regions. This will, in our opinion, contribute to the creation of confidence among the insured persons and others concerned with the medical care that their interests and grievances will get sympathetic consideration.

Medical Referees

42. Medical Referees, who are employees of the Corporation, attend to incapacity references which involve re-checking of medical certificates issued by the doctors. Other functions of the Medical Referees, as has been stated above, include general inspection of medical arrangements on behalf of the Medical Commissioner and giving, wherever necessary, second opinion to the doctors. Medical Referees are also available to the Regional Directorate for professional advice. They represent the Corporation on Allocation Committees and Medical Services Committees.

43. A view has been expressed that the appeal machinery for medical certification should be independent of the Corporation which is interested in the payment of cash benefits on the basis of the certificates issued by the doctors. The Medical Referee, being an officer of the Corporation is, in this view of the matter, considered as an interested party. While we do not under-rate the useful work being done by the Medical Referees, we feel that it would not be in the best interest of the scheme if such an impression is allowed to remain. Besides, an insurance doctor is answerable directly to the State Government. It is, therefore, considered more appropriate that the administrative machinery for incapacity references and for general supervision also belongs to the State Government. The work of incapacity references should form part of the duties of the local medical officers referred to earlier. They should not only assist the Administrative Medical Officers in the supervision and inspection of arrangements, but should also attend to incapacity references received from the local offices of the Corporation. This is the system in Great Britain and other countries where incapacity references are attended to by the officers of the agency which administers the health benefits. In Britain, it is the duty of the Regional Medical Officers appointed by the Ministry of Health. The local offices of the Ministry of Pensions and National Insurance refer all cases requiring check up on the certificates to the Regional Medical Officers. The medical officers of the Ministry of Pensions and National Insurance attend to other professional work in the Regional Offices of the Ministry. We recommend an analogous system for the E.S.I. Scheme in India. We understand that in some of the districts of Uttar Pradesh and in some areas in other States, the Civil Surgeons have been designated as

part-time Medical Referees. The arrangement is said to be working well and the supervision on the Insurance Medical Officers and on their certification is quite effective. The suggestion made above is really an extension of this arrangement.

Programme of information and education

44. An important factor in the proper operation of the medical care machinery is the attitude and orientation of the various groups concerned, particularly the insured persons, the doctors and the administrative staff. The inculcation of the right attitudes among them calls for a well-thought-out programme of information and education. For instance, it should be possible through educative publicity to bring home to the insured persons that any undeserved sickness benefit drawn on a false certificate is really a draft on the resources which are meant for benefits to the insured persons themselves and would, therefore, cut into these benefits and that those who draw undue cash benefit really act against the interest of workers as a whole. Efforts can also be made to induce the doctors in the Scheme to realise that they hold in trust the health of the industrial working population of the country and through it the productivity and efficiency of the nation's industry itself. This is a challenge which the doctors can be called upon to face up to. We recommend that the Corporation should give immediate and adequate attention to developing such programmes of information and education calculated to promote healthy attitudes among those who are concerned with the working of the Scheme.

Paper work

45. There has been some complaint from the doctors that the procedure for granting medical certificates under the Scheme is time-consuming and that this work seriously cuts into the time that should really be devoted to the patients themselves. They have, therefore, urged that the procedure should be simplified. It is suggested by some that clerks should be entrusted with the work of writing out the certificates at the E.S.I. dispensaries.

46. Our own observations did not reveal that the number of certificates that have, on an average, to be written by a doctor every day is very large or that any serious difficulty has been experienced on this account in practice. Besides, there are obvious dangers in allowing clerks, who are laymen to write medical certificates for the correctness and authenticity of which the doctors themselves are responsible. If, however, any simplification of the certification procedure in other respects is possible, it should certainly be tried.

Intimation to employers

47. The employers complain that under the present procedure, they are not given any intimation that an employee is certified sick nor can they take any action against an employee who fails to submit his certificate in time since Section 73 of the Act bars such action. As a rule, we find that the insured person who is certified sick does send to

his employer the certificate in Form ESIC-Med-11, which should be sufficient intimation to him. The difficulty, presumably, occurs in those cases where an employee already on leave overstays his leave on grounds of sickness and produces certificates only when he reports back for work. The number of such instances cannot, however, be large. To impose any additional obligation on a sick employee just to take care of such instances appears unnecessary and undesirable. On the other hand, the doctors also will find it difficult to send intimation to the employers directly since their patients come from many different establishments whose correct addresses may not be available to the doctors apart from the fact that this will needlessly burden them with further clerical work. We feel that the present practice may be permitted to continue in this respect.

Text of Final Certificate

48. The Final Certificate in Form-9 of the Regulations certifies that in the opinion of the doctor "the insured person would be fit to resume work on _____". The employers have complained that this gives an impression that it is obligatory to take the insured person on work even if he is otherwise no longer fit, e.g., when he sustains injury resulting in permanent disablement. We feel that the situation can be remedied by modifying the text of the Final Certificate as follows:

"The insured person would not require medical treatment and attendance and abstention from work on medical ground from _____".

Certificate of permanent incapacity

49. The organisations of workers have suggested that the E.S.I. doctors should be empowered to grant certificates of permanent physical or mental unfitness to insured persons for the purpose of payment of gratuity. The employers, on the other hand, have expressed the view that certification for the purposes of gratuity is a completely separate matter and cannot be entrusted to the doctors under the Scheme. It is not clear to us how the employers will be prejudicially affected if this power is granted to the doctors under the Scheme. These doctors are responsible for the medical care of the insured persons and if they find that a particular insured person has become permanently unfit, physically or mentally, to continue to work, it is difficult to see why they should not be permitted to certify to that effect. There is no reason to assume that such certificates will be issued by the E.S.I. doctors freely and without proper medical grounds. Further, any apprehensions of the employers on this account can be allayed by providing for reference of disputed cases to competent medical specialists under the Scheme.

Lapse of title to medical care

50. Under the present Regulations an insured person becomes disentitled to medical care if certain qualifying conditions regarding payment of contributions in the corresponding contribution period are not

fulfilled. To mitigate the hardship that may be caused to patients of long-term ailments, the maximum permissible periods of medical care that are prescribed are much longer than in cases of ordinary sickness. Still, cases do occur both in ordinary sickness and more so in long term ailments when in the middle of a spell of sickness an insured person finds himself disintituled to further medical care. In such a situation the insured person, if he is undergoing indoor treatment in a hospital, will get discharged from there even though he continues to be in need of further hospitalisation. Humanitarian considerations demand that medical care of the patient must not be cut off before he is restored to health as completely as possible and the Regulations should be so framed that this does not happen. Besides, cutting off treatment in this way will undo whatever good might have been done by the treatment already given. We, therefore, recommend that the Regulations should provide that an insured patient, whether the insured person or a member of his family, will continue to get treatment once started till that spell of sickness ends or, in the case of long-term ailments, so long as the patient requires active treatment, even if during the treatment the insured person becomes disintituled to medical care.

Reimbursement of medical expenses

51. As has been noted earlier, the facilities for medical care, especially for specialist attention, hospitalisation and treatment of special diseases, are far from adequate under the Scheme. We have recommended that those should be expanded rapidly. This may, however, take considerable time. In the meanwhile, there will be occasions when an insured person needing a particular kind of care urgently may be unable to get it through the E.S.I. Scheme. Similarly, due to some unavoidable circumstances like accidents or being temporarily in areas not served by the Scheme, an insured person may not be able to reach the facilities provided under the Scheme. The Act provides that medical expenses incurred by the insured person under such conditions may be reimbursed to him and Regulation can be framed for the purpose. The Corporation has recently framed a Regulation for this purpose.

Supply of dentures and spectacles

52. The Corporation provides spectacles free of charge to the insured persons who sustain impairment of eyesight due to employment injury or certain occupational diseases. Free supply of artificial dentures is also made to the insured persons who loose their teeth due to employment injury. In the year 1957, the Corporation had also decided that spectacles may be supplied to the insured persons at their own cost on 'no profit no loss' basis. The State Governments were requested by the Corporation to make suitable arrangements in this regard for the convenience of the insured persons. It was, however, brought to our notice that practically no such arrangements have been made and this facility is not actually available. Suggestions have been made that dentures and spectacles should be supplied at concessional rates, if not free of charge. We have examined this suggestion with

reference to the practices followed elsewhere and we feel that as in most other countries it would neither be practicable nor feasible financially to extend this facility at this stage. The present provision of providing dentures and/or spectacles free of charge in cases where necessity for these arises as a result of employment injury appears to be quite satisfactory. There is, however, need to ensure that the facility regarding supply of spectacles on 'no profit no loss' basis is actually made available to the insured persons and their family members. Similar arrangements for supply of dentures should also be made under the Scheme.

Pre-employment medical examination

53. A proposal was made before us that the E.S.I. Scheme should provide for the pre-employment medical examination of all prospective employees so that the subsequent burden of medical and cash benefits may be reduced. We are not in favour of this suggestion in so far as it contemplates medical examination as a pre-requisite for entry into employment. All the same, as a measure of promotion of health amongst the insured workers, it is highly desirable that such facility of physical check-up of the insured workers should be provided on admission to the Scheme. This could suitably be made an occasion for the necessary preventive inoculations and such other prophylactic measures as may be indicated in any individual case. For this to produce the desired result, it would, of course, be necessary to follow it up with such periodical inoculations as may be required.

54. We are aware that many employers already recruit their employees only after a medical examination. There is nothing to prevent them or other employers from doing so. However, the E.S.I. Scheme is intended to take care of the health of the insured persons after they get employed and not to place obstacles in the way of their employment.

55. It has been urged before us by the organisations of the workers that persons partially disabled as a result of industrial accidents must be provided employment and that the E.S.I. Scheme should make suitable provisions for this purpose. One suggestion was that if an employee becomes partially disabled due to industrial accident his employer should be required by law to continue him in employment when he is declared fit and to give him suitable work which will be within his capacities. The other suggestion was that employers in general should be required to take a prescribed quota of partially disabled persons in their employment. The employers' organisations have opposed these suggestions. The latter suggestion may be difficult to implement. The first suggestion however, appears to us to be reasonable. Incapacity caused by industrial accident can never be fully compensated through the grant of permanent disablement benefit. On the other hand, it has been found that persons with physical disability are not necessarily less efficient or less deserving of employment than those who are able-bodied, provided the work assigned to them makes allowance for the disability. The employer must be deemed to be responsible in a sense for the injury and hence he should be held responsible also for providing work to the

worker even after his partial disablement. We do not think that such a statutory obligation will cause any great hardship to the employers since the number of partially disabled persons whom any particular employer will be required to continue in work, will not be very large and with a sympathetic attitude and a proper effort, suitable work should not be impossible to find in his establishment for the few who require it. We, therefore, endorse the suggestion that an employer should be required to continue in employment and to assign suitable work to persons who become partially disabled as a result of industrial accidents in the employer's establishment.

Shortage of medical and para-medical staff

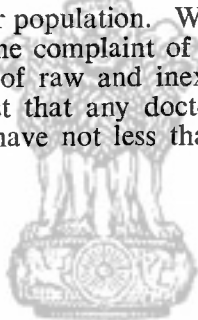
56. It is common knowledge that there is an acute overall shortage of qualified doctors in the country. The shortage in nursing and other para-medical staff is even more acute. This shortage is one of the limiting factors in the development of the medical services under the E.S.I. Scheme also. Unlike in the case of the general population, however, the insured persons cannot be expected to accept the shortage of medical personnel as a valid ground for unsatisfactory medical care under the Scheme because they are entitled under the law to get a certain standard of care and they are compulsorily made to pay contribution for such care. The Corporation, therefore, has the obligation of making good, as soon and as far as possible, this shortage.

57. For reasons which were mentioned earlier, qualified doctors often find service in the E.S.I. Scheme unattractive. Unless the availability of medical personnel is increased, the E.S.I. Scheme will continue to get only relatively new and inexperienced medical people to serve the insured persons. It is, clear, therefore, that the Corporation must take some initiative in promoting the training of medical personnel in larger numbers than is being done at present. The Scheme already has a number of large and well-equipped hospitals where facilities for starting medical colleges are available. Fullfledged medical colleges should be started at such places either directly by the Corporation or by the State with the help from the Corporation. Even where there are no hospitals of adequate size or standard, it should be possible for the Corporation to make arrangements with the State Governments and the Universities concerned to increase the number of available seats in the medical colleges and the nurses training institutions. The Corporation should be prepared to make appropriate financial contributions for this purpose commensurate with the expansion of the training facilities planned. Scholarships may also be offered to medical students from the Corporation funds. The E.S.I. hospitals should also be utilised for the training of nurses and other para-medical staff.

58. In all such cases where the Corporation contributes financially to medical training, the students or trainees concerned should be under obligation to serve the E.S.I. Scheme for a specified period which should not be less than 5 years, after achieving full qualifications. We think that unless such an initiative is taken by the Corporation, the Scheme

will always suffer from shortage of medical personnel as the people trained in the normal course in the existing institutions will continue to go into private practice or in the employment of the State Governments.

59. The organisations of workers strongly urged before us that frequently raw and inexperienced doctors were posted to the E.S.I. dispensaries and consequently the standard of medical care received by the insured persons suffered. Our own enquiries revealed that there was some substance in this complaint. As mentioned earlier, the work at E.S.I. dispensaries does not permit private practice to the doctors and therefore, it is not attractive to the doctors to be in the State Medical Service. As a partial compensation for the loss of private practice the E.S.I. Corporation pays to such doctors at present an E.S.I.C. allowance of Rs. 100 per month in addition to the non-practising allowance laid down under the State Government terms. This is not an adequate inducement for the doctors. It is permissible for the State Government to prescribe separate scales of salaries and maintain separate cadres for the doctors in the E.S.I. but the State Governments generally do not favour this since they fear that this will adversely affect the availability of doctors for the rest of their population. Whatever may be the reasons, we are of the opinion that the complaint of the insured persons against being entrusted to the care of raw and inexperienced doctors is legitimate. We, therefore, suggest that any doctor posted in an E.S.I. dispensary or hospital should have not less than three years' professional experience.



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CHAPTER XII

ADJUDICATION MACHINERY

Provision has been made in the Act for the institution of a special machinery in the form of Employees' Insurance Courts, for adjudication of disputes and claims. No civil court has jurisdiction to decide or deal with any question or dispute under the Act or to adjudicate on any liability which falls under the jurisdiction of the Employees' Insurance Court. This provision was intended to ensure speedy decisions on disputes by specially designed forums which, it was expected, would, in course of time, acquire specialised skill and experience in dealing with the peculiar questions arising in the working of the Employees' State Insurance Scheme.

2. The State Governments constitute the Employees' Insurance Courts and specify their geographical jurisdiction. There may be one or more such Courts in a State. Persons who have been judicial officers or have been legal practitioners of at least five years' standing are eligible to be judges of these Courts.

3. The matters to be decided by the Employees' Insurance Court include questions or disputes arising in connection with insurability; rate of wages; rate of contribution; the responsibility of a person as Principal Employer; the right to and the amount and duration of benefit; review of disablement and dependants' benefit; actuarial present value of periodical payments for purposes of compensation by the employer or any other matter which is in dispute in respect of any contribution or benefit payable under the Act. Other matters which may be referred to the Employees' Insurance Court are:

- (a) claim for the recovery of contributions;
- (b) claim for compensation against the employer or other person liable thereto; or
- (c) claim for recovery of benefit or for refund of benefit unlawfully drawn.

Disablement questions

4. The Employees' Insurance Court is thus the only authority competent to pronounce a final verdict on the wide range of questions and disputes which may arise including, it appears, even disablement questions which are required to be referred to Medical Boards and Medical Appeal Tribunals under the Regulations. In fact, doubt has been raised whether the Corporation has any power to frame Regulations for reference of disablement questions for the decision of the Medical Boards or Medical Appeal Tribunals. The position is, obviously, not satisfactory and the matter needs to be placed beyond doubt. Disablement questions must go before the professional forums for assessment of loss of earning capacity, if any. The situation is proposed to be remedied by an amendment to the Employees' State Insurance Act. The Amendment Bill makes a specific provision for the setting up of Medical Boards

and Medical Appeal Tribunals and for reference to them the disablement questions for decisions, with a right of appeal to the Employees' Insurance Court. While we approve of the proposed amendment and agree that disablement questions should be dealt with by professional boards and tribunals, we do not think it is necessary to provide for a further right of appeal to the Employees' Insurance Court after the decision of the Medical Appeal Tribunal. The proposal in the Amending Bill to allow an appeal against the decision of the Medical Board to the Employees' Insurance Court also seems unnecessary. We suggest modification of the proposed legislation accordingly. The disablement questions should be completely taken out of the purview of the Employees' Insurance Courts.

Proceedings in the Employees' Insurance Court

5. Proceedings before the Employees' Insurance Court can be instituted by an application on payment of a nominal fee of Rs. 2. The Act permits officers of registered trade unions or any other person authorised in writing by the claimant, to appear and act on his behalf before the Court. The Employees' Insurance Court has powers of a civil court in respect of summoning of witnesses, the recovery and production of documents, administering oath and recording evidence. An order of the Employees' Insurance Court is enforceable as if it were a decree passed by a civil court.

Position in States

6. In areas where the Scheme has been implemented, Employees' Insurance Courts have been set up by the State Governments. A full-time Employees' Insurance Court has been set up at Calcutta only. In all other places the Employees' Insurance Courts function part-time. The constitution of the Employees' Insurance Courts is also not the same in all the States, e.g., in Bihar, Madras and Assam, District Judges or Additional District Judges have been designated as Employees' Insurance Court Judges; in Andhra Pradesh, the function is performed by Subordinate Judges, while in Uttar Pradesh, Deputy Collectors, Sub-Divisional Magistrates and Additional District Magistrates have been empowered to exercise the jurisdiction of the Employees' Insurance Court. In Maharashtra and Kerala, the Labour Courts have been designated as Employees' Insurance Courts. The status of the judges of the Employees' Insurance Courts thus varies considerably. When the variations among the States in the methods of selecting judicial officers is considered along with this factor, the diversity of qualifications among the judges of the Employees' Insurance Courts becomes obvious.

Working of Employees' Insurance Courts

7. A review of the working of the Employees' Insurance Courts shows that the proceedings are generally prolonged, cumbersome and formal. They follow the common pattern of ordinary civil courts which is obviously not suited to a scheme of social insurance where there is more need for promptness rather than precision. Except in

States where there are whole-time courts, the advantage of setting up of special machinery for adjudication under the Act has been largely negated by entrusting the work to already over-worked civil judges. Several cases were mentioned to us where comparatively simple matters like recovery of contributions from employers could not be disposed of expeditiously. There were in some instances twenty to thirty hearings. More complicated cases like recovery under Section 66 of the Act took much longer to be disposed of.

8. We had the benefit of oral evidence by a judge of the Employees' Insurance Court in one of the States, who expressed the view that it would be far more satisfactory if full-time judges were appointed to preside over the Employees' Insurance Courts. They could hold their courts at different places by turn in accordance with a set schedule. This would enable them to specialise in this work and would also ensure expeditious disposal of cases. The present system of appointing part-time judges did not make for quick disposal of cases.

Informal Tribunals

9. Other suggestions favour the setting up of informal tribunals consisting of an independent chairman and a representative each of employers and employees. This is the system which many other countries, including the United Kingdom, have adopted. In the United Kingdom, Local Tribunals have been set up for local areas. The Local Tribunals consist of three persons—the chairman is a lawyer appointed by the Minister, and the other members are chosen in rotation from two panels, one representing employers and the other representing employees. The Tribunals sit once a week or more frequently, if required. A Tribunal normally disposes of six to seven cases in one sitting. General rules of procedure for the Tribunals are laid down in Regulations but a good deal of discretion is allowed to the Chairman in conducting the proceedings which are usually informal. The cases which come before the Tribunals relate almost entirely to disputes with regard to benefits. Nearly 50% of the cases relate to unemployment benefit and the rest to other types of benefits. The party aggrieved by the decision of the Local Tribunals has a right of appeal before the Commissioner, which is the final court of appeal. Questions and disputes relating to insurability and liability to pay contribution etc., are reserved for determination by the Minister. Cases relating to the recovery of contribution etc., are tried in ordinary courts of law as they are considered to be offences against the Crown.

10. Among the cases which go before the Employees' Insurance Courts, a very few relate to payment of benefits; they mainly concern the questions of coverage and insurability and recovery of contributions or compensation from employers. There is, therefore, at present very little work which can be entrusted to informal tribunals. In course of time when there is a comprehensive scheme of social security to cover much larger percentage of the population and providing a larger variety of benefits, there may be need for setting up of such tribunals with a view to making the adjudication system more informal, speedy and less

costly. Moreover, for the successful implementation of an informal machinery for adjudication of disputes, it is absolutely essential that the parties concerned should be able intelligently to follow the procedure and to present their own cases well. We, therefore, do not, at this stage, suggest a change in the present system. However, the machinery certainly needs improvement.

Questions of Insurability

11. The various Employees' Insurance Courts which are operating in the States throughout the country are independent bodies and the co-ordination of their work is difficult. Being an all-India Scheme, it is desirable to ensure consistency of decisions on matters of major importance. It is not uncommon to find that on the same question, different Employees' Insurance Courts have, sometimes, pronounced different judgements. In the absence of a final appellate authority for the country as a whole, the Corporation has found it difficult to ensure uniformity in interpretation and in the application of law. The more important among the questions which are capable of different interpretations are those relating to insurability and coverage under the Act. It has been suggested that this problem could be met by reserving insurability questions for settlement by the Director General, E.S.I. Corporation, with a right of appeal on questions of law to High Court. Appeal on questions of fact may lie before the Standing Committee of the Corporation. This would, doubtless, ensure speed and consistency of decisions. The Director General could be expected to take an impartial view of the issues and do justice to them. There is no profit element in the Scheme and if, therefore, an establishment or a person is covered, the Corporation does not stand to gain anything as the contributions are balanced by the obligation to provide benefits. There is, therefore, no reason why the executive should not be able to take a detached view of questions on coverage and insurability.

12. At present, while a dispute is pending before an Employees' Insurance Court, the employer does not register his employees and continues to hold back payment of contributions thus rendering it difficult for his employees to claim medical or other benefits. If power to decide coverage and insurability vests in the Director General, it would be incumbent upon the employer to comply with the requirements of the Act on receipt of his decision. Any action for recovery of arrears of contribution taken subsequently will not reopen the question of coverage.

13. We find that a somewhat similar provision exists in the Employees' Provident Fund Act under which the Central Government have powers to give directions etc., for removal of any doubt which may arise as to:

- (i) whether an establishment which is a factory is engaged in any industry specified in Schedule I;
- (ii) whether any particular establishment is an establishment falling within the class of establishments to which this Act

applies by virtue of the notification under clause (b) of sub-section (3) of Section I ; or

- (iii) the number of persons employed in an establishment ; or
- (iv) the number of years which have elapsed from the date on which an establishment has been set up ; or
- (v) whether the total quantum of benefit to which an employee is entitled has been reduced by the employer.

That Act further provides that the order given by the Central Government shall be final. The Employees' Provident Fund Act envisages reference to the Central Government of any difficulty or doubt which may arise in the mind of the authority who has to deal with the matter. We recommend that the question of coverage and insurability under the Employees' State Insurance Act should likewise be reserved for the judgment of the Director General, E.S.I. Corporation. Both the executive and the other party to the dispute should have the option to seek the decision of the Director General on these matters. His decision should be final, subject only to appeal on a question of law to the High Court. Where local enquiry is likely to assist in reaching a decision, the Director General may appoint a legal officer to conduct local enquiry and report to him. The Act may provide for the framing of Regulations for determination of questions by the Director General.

Books of precedents

14. Another step that can be taken to reduce to some extent diversity in the decisions of Employees' Insurance Courts is to compile books of precedents which will form a case law. The precedents should include brief proceedings and decisions in the various States. This would lead to uniformity of decisions and perhaps also reduction in the volume of work and would also provide guidance for those who might be seeking legal remedy on a question which has already been decided by an Employees' Insurance Court in their own or in another State. This would be a useful item of work in the legal department of the Headquarters office of the Corporation.

15. The delays which have been experienced in the working of the Employees' Insurance Courts can be eliminated to some extent by providing in the Employees' Insurance Court Rules that these courts would follow summary procedure. The Rules may also provide a time-limit of say three months for adjudication of a claim presented to the Court.

Whole-time courts

16. Since the part-time arrangement for the Employees' Insurance Courts has not been found satisfactory, it would be better to have **whole-time Employees' Insurance Courts**. It may not, however, be possible to have whole-time courts at all the centres where the Scheme

is functioning. This difficulty can be met by having one or two whole-time Employees' Insurance Courts in each State with jurisdiction extending to the whole of the State. If necessary, these may be supplemented by a part-time court. The Rules should provide for presentation of the application before the Employees' Insurance Court by registered post where the aggrieved party is stationed at a place other than the permanent headquarters of the Employees' Insurance Court. On receipt of the application, the Court may fix the hearing at the district headquarters. Since the evidence has to be recorded from day-to-day, this arrangement should not create any difficulty for the parties to the dispute.

Appeal Tribunals

17. Disablement questions relate to existence, duration and percentage of temporary or permanent partial or total disability caused by employment injuries. These questions, as has been mentioned earlier, have by the Regulations been made determinable initially by Medical Boards constituted by the State Governments and, on appeal, by Appeal Tribunals. Originally the Appeal Tribunals consisted of Employees' Insurance Courts which were enlarged to include assessors (one or more medical experts and one or more officials of the trade unions) selected by these courts. The Appeal Tribunals replaced the Employees' Insurance Courts with regard to the matters assigned to them, but did not take away the jurisdiction of the Employees Insurance Court if the party aggrieved with the decision of the Appeal Tribunal were to prefer an appeal before the Employees' Insurance Court. Indeed it created anomalous position when one member of the Tribunal, afterwards, sat in judgment over the decision of the entire body.

18. The position was remedied by substituting in the year 1961, the Appeal Tribunals by Appellate Medical Boards consisting entirely of medical experts. Appeals against the decision of the Appellate Medical Boards could, without any difficulty, go before the Employees' Insurance Court. However, this change was short lived. The trade unions protested against it and desired that *status quo ante* may be established. The matter was considered by the Corporation at its meeting held on 24th July, 1962, when it was decided to revive the institution of Appeal Tribunals. However, with a view to eliminate the anomaly in the previous position, the Corporation decided that the presiding officer of the Appeal Tribunal should be a judicial officer, other than the Employees' Insurance Court Judge, who may be assisted by assessors as before. This is the present position.

19. We were, however, concerned to find that though the amended Regulation regarding setting up of Appeal Tribunals was notified on the 3rd October, 1962, the Appeal Tribunals have not been set up in a number of States even after the expiry of three years. Even in the States where the Tribunals have been set up, considerable time has been

taken for the purpose. The up-to-date position regarding the setting up of Appeal Tribunals in different States is as under :—

Sl. No.	State	Place	Date of setting up of the Appeal Tribunal
1	Andhra Pradesh	Hyderabad	8-6-65
2	Assam		Not yet established
3	Bihar	Patna	24-7-64
4	Delhi	Delhi	23-6-64
5	Gujarat		Not yet established
6	Kerala	Quillon, Ernakulam, Calicut	25-3-65
7	Madhya Pradesh	Indore, Gwalior Bhopal, Jabalpur	25-2-64
8	Madras	Madras, Madurai Coimbatore	22-12-64
9	Maharashtra		Not yet established
10	Mysore		Do.
11	Orissa		Do.
12	Punjab		Do.
13	Rajasthan		Do.
14	Uttar Pradesh	Kanpur	14-10-65
15	West Bengal	Calcutta	13-5-65

20. The delay in setting up of Appeal Tribunals is difficult to understand. We suggest that immediate steps should be taken to establish Appeal Tribunals in States where they have not so far been set up.

21. The Amendment Bill, as has been stated earlier, envisages the setting up of Medical Appeal Tribunals, the constitution of which will be provided in the Regulations. Bearing in mind the views of the representatives of the beneficiaries in favour of a quasi-judicial machinery in preference to a purely professional forum, we believe that the Medical Appeal Tribunals should continue to consist of a legal Chairman assisted by one or more medical experts and one or more officials of the trade unions as assessors. The decision of the Medical Appeal Tribunal which, as stated above, would be a quasi-judicial body, should be final and there need be no further appeal, against its decision to the Employees' Insurance Court. We have already pointed out that it is not necessary to provide in the new legislation a right of appeal to the Employees' Insurance Court either from the decision of the Medical Board or from the decision of the Medical Appeal Tribunal. This was introduced in the amending legislation at a time when it was intended that the Medical Appeal Tribunals would consist of only medical experts. Since that is not the position now, this third stage of appeal can safely be eliminated.

Prosecutions

22. The Act provides for penalties for non-compliance with the provisions of the Act. The Corporation can institute prosecution in the following cases:

- (a) failure to pay contribution ;
- (b) deduction from the wages of an employee of any part of employers' contribution ;
- (c) reduction in wages or any privileges or benefits admissible to an employee ;
- (d) dismissal, discharge, or punishment of an employee ;
- (e) failure or refusal to submit any return or making a false return ;
- (f) obstruction to any inspector or any other official of the Corporation in the discharge of his duties ;
- (g) contravention or non-compliance with the requirements of the Act, or the Rules or the Regulations ;
- (h) making of false statement for purposes of obtaining benefits not admissible or for avoiding payment of contribution.

The penalties imposed are imprisonment, which may extend to three months or a fine which may extend to five hundred rupees or both. The complaint has to be made in the court within a period of six months of the date on which the offence is alleged to have been committed.

23. It appears that the experience of the Corporation has been that while it may be possible to secure conviction, the prosecution does not ensure recovery of contributions due. We feel that the law should provide that on conviction the employer should also be required to pay the contribution not paid in addition to fine/imprisonment that may be imposed. The provisions with regard to penalties should be modified accordingly.

24. It was brought to our notice that non-submission of contribution cards by the employers resulted in serious delays and sometime in the non-payment of the claims of insured persons. The recovery of arrears of contributions through the Employees' Insurance Courts or through certificate proceedings as arrears of land revenue or conviction of the employer under Section 85 of the Employees' State Insurance Act did not help the insured person. Once a decree had been executed and contributions recovered in cash, there was no obligation on the employer to submit the contribution cards. Similarly, even on conviction, the employer was not obliged to submit the contribution cards. We feel that this is a deficiency in law and should be remedied by the obligation on the part of the employers to submit contribution cards so that the insured persons are not put to difficulty in claiming their benefit from the Corporation. It may be recalled that the right to and the rate of benefit can be known only by reference to the contribution record. We suggest that a provision should be made in the Act that if

a Principal Employer fails or refuses to submit the contribution cards or any other Return required under the Act or the Regulations, he shall be punishable with fine which may extend to fifty rupees per day during which default continues in addition to the punishment already provided in Section 85 of the Act.

25. It was also brought to our notice that there were cases where contributions were not paid to the Corporation even where deductions had been made from wages of the employees. We feel that such cases deserve severe penalties. We recommend that non-payment of employees' contribution which has already been deducted by the employer from the wages of the employees should be treated as a breach of trust and provision to that effect may be made in the Act itself. Such cases should be punishable under the provisions of the Indian Penal Code.

Application of fines

26. In the Companies Act, 1956, there is a provision under which the Court imposing any fine under that Act may direct that the whole or any part of the fine shall be applied in or towards payment of cost of the proceedings. We recommend that a provision similar to the above may also be made in the Employees' State Insurance Act.

Priority for contributions due to the Corporation

27. Section 94 of the Employees' State Insurance Act gave priority to the contributions etc., due to the Corporation over other debts in the distribution of the property of the insolvent or in the distribution of a company being wound up. Such a provision was justifiable in a scheme of social security which provides benefits to the insured persons in times of need. This priority was lost by the passing of the Companies Act, 1956, which provides for a number of preferential payments which rank equally among themselves. The contributions payable under the Employees' State Insurance Act also form one of the preferential payments but the contributions which were payable during the previous twelve months alone come under this category. We feel that this period should be extended to three years, if the time limit cannot be completely removed, and suggest suitable provision in the Act.

CHAPTER XIII **FINANCIAL CONTROL AND STATE CONTRIBUTION**

Employees' State Insurance Fund

The Employees' State Insurance Fund is built up of contributions from employers and employees and grants from the Central or State Government and local authority or donations from any individual or body for all or any of the purposes of the Act.

Grant by the Central Government

2. The Act required the Central Government to advance loan, which it did, in connection with the expenditure for the setting up of the Corporation. The Act also provided for the Central Government making a grant to the Corporation, every year, during the first five years, of a sum equivalent to 2/3rd of its administrative expenses. The grant from the Central Government was, thus, available upto the year 1953. The loan advanced by the Central Government for setting up of the Corporation was adjusted against the grants made subsequently.

Accounts of the Corporation

3. The Corporation is authorised to maintain accounts with the Reserve Bank of India or with such other banks as may be approved by the Central Government. The Central Government have approved the State Bank of India for the purpose.

Use of Employees' State Insurance Fund

4. The Employees' Insurance Fund can be expended only for the following purposes:

- (i) Payment of cash benefits and provision of medical benefits;
- (ii) Payment of fees and allowances to members of the Corporation and other statutory bodies created under the Act;
- (iii) Payment of salary and allowances to the employees of the Corporation;
- (iv) Establishment and maintenance of hospitals, dispensaries and other institutions for provision of medical benefits;
- (v) Payment of contributions to a State Government, local authority or any private body or individual towards the cost of medical treatment and attendance, including the cost of any building and equipment;
- (vi) Defraying the cost of auditing the accounts of the Corporation and of the valuation of its assets and liabilities;
- (vii) Defraying the cost of Employees' Insurance Courts;
- (viii) Payment of any contractual liability undertaken for the purpose of this Act;

- (ix) Payment of sums under any court decree, order or award ;
- (x) Defraying the cost of instituting or defending any civil or criminal proceedings under the Act ;
- (xi) Defraying expenditure on measures for the improvement of the health and welfare of insured persons and for the rehabilitation and re-employment of insured persons who have been disabled or injured ; and
- (xii) Any other expenses authorised by the Corporation with the previous approval of the Central Government.

Holding of property

5. The Corporation can acquire and dispose of property, invest its funds and give and discharge loans, subject to the conditions prescribed by the Central Government. It can constitute Provident Fund for its staff.

Budget estimates

6. The Corporation is required to frame every year a budget estimate and submit it for the approval of the Central Government and also maintain accounts of its income and expenditure in the manner prescribed by the Central Government. The accounts of the Corporation are to be audited by auditors appointed by the Central Government.

Annual report

7. The Corporation is also required to submit to the Central Government an Annual Report of its work and activities. The Annual Report, the Audited Accounts and the Budget, as finally adopted by the Corporation, are to be placed before Parliament and published in the Official Gazette. There is a provision for quinquennial valuation of the assets and liabilities of the Corporation by a valuer appointed with the approval of the Central Government. It is open to the Central Government to direct a valuation to be made at such other time as it may consider necessary.

Power of Central Government to make rules

8. The Central Government has been empowered to make Rules for the purpose of giving effect to the provisions of the Act. These include in respect of:—

- (i) *Corporation, Standing Committee and the Medical Benefit Council*
 - (a) manner of nomination and elections of members ;
 - (b) the quorum of the meetings and the minimum number of meetings to be held in a year ;
 - (c) record of transaction of business ;
 - (d) powers and duties of Medical Benefit Council ;
- (ii) *Principal Officers*
 - (e) their powers and duties and conditions of their service ;

(iii) *Finance*

- (f) procedure for execution of contracts ;
- (g) acquisition, holding and disposal of property ;
- (h) raising and re-payment of loans ;
- (i) investment or realisation of funds ;
- (j) basis of valuation ;
- (k) approval of bank or banks and manner of operating the accounts ;
- (l) the form of maintenance of accounts and periodicity of audit ;
- (m) publication of accounts and audit report ;
- (n) preparation of budget estimates ;
- (o) maintenance of provident fund.

Central Government control

9. Besides the financial control over the operations of the Employees' State Insurance Corporation referred to above, the Central Government exercises control over the day-to-day working of the Corporation in other ways also. The appointment of the Director General and other Principal Officers is made by the Central Government ; their pay and allowances are also fixed by them. The sanction of the Central Government is required to the creation of any post carrying a maximum monthly salary of five hundred rupees or above. Their approval is required for making regulations regarding the method of recruitment, pay and allowances, discipline, superannuation benefits and other conditions of service of staff. The Central Government have to prescribe the limits within which the funds of the Corporation can be utilised to promote measures for the improvement of the health and welfare of insured persons and for the rehabilitation and re-employment of insured persons who have been disabled or injured. If any money is to be spent on a purpose not specifically provided in Section 28 of the Act, previous approval of the Central Government is necessary. The rate of Employers' Special Contribution is determined by the Central Government ; the power of exemption in respect of Employers' Special Contribution also rests with them.

10. Constituted as the Corporation is, with its Chairman, Vice-Chairman and five members representing the Central Government and with wide powers specifically vesting in the Central Government, there has been criticism that the Corporation which was intended to be an autonomous body is really not so. We think that a public Corporation should combine a high degree of freedom of working with accountability to the Parliament which creates it. It should be free from the standardized rules of working provided for government departments with regard to such matters as employment, promotion, pensions, annual budgets and auditing and it should have a fair degree of autonomy of financial appropriation. For expeditious conduct of its business, therefore, the Corporation should be able, on its own initiative and decision,

to raise funds, to invest money, to allocate expenditure for purposes of the Scheme, to plan its objectives, to choose among the available operating alternatives and to formulate its own reserve and appropriation policies.

11. We understand that the question of the autonomy of the Corporation has been raised several times in the meetings of the Corporation. Non-official members, it is stated, have sometimes expressed the view that the representative of the Ministry of Finance on the Corporation has virtually power of veto and most of the matters which can be speedily disposed of at the level of the Standing Committee have to pass through lengthy and complicated processes of examination and re-examination not only in the administrative department of the Government but also in the Ministry of Finance and take long time before decisions are reached. This applies mainly to proposals with regard to staff and administrative expenditure of the Corporation which forms but a small percentage of the total revenue expenditure. It is argued that if the Corporation and the Standing Committee can vote much heavier amounts of expenditure for building construction and for payment of benefits etc., why should it not have the powers to sanction comparatively small expenditure on administrative arrangements, particularly when the representative of the Finance Ministry on the Corporation and the Standing Committee is already associated with the decisions.

12. We appreciate that when the Corporation was set up in the year 1948, there was little or no experience of the working of public corporations in India. There was, obviously, need for caution and therefore, it was only prudent that an effective control over the working of the Corporation should vest with the Central Government. The position is not the same to-day. The Corporation has had a fairly long experience of its working and can certainly look after its own affairs. We recommend that the whole list of items on which the Central Government alone has power to sanction expenditure or where prior approval of the Central Government is required, should be reviewed. While it is essential to keep an overall control with the Central Government, it is desirable to leave the management of the affairs of the Corporation in the hands of the representatives of the interests concerned. There is no reason to think that the Standing Committee and the Corporation, constituted as they are, with several representatives of the Government, will not be fully conscious of the need to exercise supervision over any unjustified expenditure. We suggest that the Central Government need concern itself directly only with the following important matters:

- (i) Constitution of the Corporation, the Standing Committee and the Medical Benefit Council, their functions and conduct of their business;
- (ii) Appointment of the Director General;
- (iii) Prescribing the form for maintenance of accounts and appointment of auditors;

- (iv) Publication of accounts and audit reports ;
- (v) Approval of budget estimates.

Most of the other matters listed in paragraphs 8 and 9 above can be left to be looked after by the Corporation itself. Steps may be taken to amend the Central Government Rules accordingly.

Investment of surplus funds

13. Under the Rules framed by the Central Government, the surplus funds of the Corporation, can be invested only in government securities, treasury deposit receipts and in securities mentioned in the Indian Trusts Act. The Corporation can, however, invest its funds in any other manner with the prior approval of the Central Government but this facility has never been availed of so far and all investment is confined to government and trust securities. While safety of the funds is of paramount importance, and it has to be ensured that no investment is made in equity shares, the avenues for earning higher rate of interest on funds not immediately required, should not be closed. The interest income on investments is a valuable addition to the funds for providing benefits to the insured persons and, therefore, every effort should be made to earn the maximum rate of interest compatible with the security of funds. This will assume increasing importance when provision is made for old-age and other long-term benefits. Reserves will then necessarily have to be accumulated over long periods of time. To evolve a broad-based investment policy, which may give freedom for investing a specific proportion of the available funds in other channels, it is necessary to have a small investment committee of the Corporation to advise the Director General in this regard. The powers of approval to deviate from the Rules presently retained by the Central Government, may be transferred to the Corporation. Provision in the present form cannot be of much avail.

Government contribution

14. The funds of the Corporation are built mainly out of the contributions of employers and workers. The Government of India does not share in the cost of the benefits. The financial participation in the cost of administration was also for a short period of initial five years of the Corporation when the expenses were comparatively low and the scheme had in fact not been implemented except as a pilot measure to cover barely 1,20,000 employees. The State Governments share in the cost of medical benefit to the extent of 1/8th only.

Central Government contribution

15. The participation of the Government in the cost of social security schemes has now become a recognised feature of such schemes in most countries. Even in the developing countries, the States are assuming to an ever-increasing extent financial responsibility for social security.

16. On the other hand, in India, the main objection to the introduction of a scheme of health insurance, from the very beginning, was the reluctance of the State to bear a part of the financial burden. The various Labour Enquiry Committees appointed by the State Governments had forcefully advocated the framing of health insurance scheme based on tripartite contributions. The Government of India, however, declined against this view and when Professor B. P. Adarkar was appointed to draw a scheme of health insurance for industrial workers, he was asked to plan on the basis of contributions from the workers and employers only. Despite this mandate, Prof. Adarkar suggested that "financial participation by the State (including both the Government of India and the Provincial Governments) would be eminently desirable feature of the Scheme."

17. Mr. M. Stack and Mr. R. Rao of the International Labour Office, who examined the Scheme of Health Insurance prepared by Professor Adarkar, also stated that the Central and Provincial Governments should assist the fund with grants. They said: "The Government of India is the initiator of the Scheme and would doubtless be anxious to make it a success". They presumed, and rightly so, that being an all-India institution, the Health Insurance Fund would be controlled at the Centre and the Government of India would be largely represented in the administration. For all these reasons, the I.L.O. Experts stressed that the Central Government must be prepared to bear a share of the cost of administration. They suggested that the cost to be charged to the Central Government should be 2/3rd of the cost of administration of the Insurance Fund.

18. As regards the financial responsibility of the State Governments, they observed that "the fact that the fund will, for some years to come, be assuming, if only for a limited group, a financial responsibility recognised to belong mainly to them, may be accepted to weigh in favour of financial encouragement from these Governments". As to the cost to be charged to each State Government, they recommended:

- (a) 1/3rd of the cost of medical care of standard quality (including the supply of surgical appliances) for insured persons;
- (b) 2/3rds of the cost of medical care, like-wise of standard quality but less comprehensive than that provided for the insured person, for wives and children; and
- (c) the excess cost of sickness benefit, to insured persons in the State, over the average rate for the country as a whole.

19. The recommendations of Professor Adarkar and of Messrs. Stack and Rao, speak for themselves. The framers of the Health Insurance Scheme in India did not, however, agree with these views. The recommendation for a sizable State contribution was not accepted except to the extent of making a provision that the Central Government would make every year, during the first five years, a grant to the Corporation of a sum equivalent to 2/rd of its administrative expenses not

including therein the cost of any benefits provided by or under the Employees' State Insurance Act.

20. Whatever the reasons for the hesitancy of the Government of India at that time to shoulder financial responsibility in respect of a scheme of social insurance, we have no doubt that the Government would now be willing to discharge its obligation cast upon it by the Constitution. The directive provision is clear. It says: "The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and public assistance in case of unemployment, old age, sickness and disablement and in other cases of undeserved want". The role of the State, therefore, is to guarantee economic existence and social security to the citizens, not only for the period during which they work and earn their livelihood but also during periods when they are disabled or sick. As would be evident from what has been stated in the earlier part of this chapter, the Government of India has an over-riding control over the funds and affairs of the Corporation. The Corporation also furnishes to the Central Government, with several series of labour and health statistics of considerable importance for the direction of social policies apart from the overall advantage of increased and efficient production resulting from a well-implemented social security scheme for the employees. It is, therefore, reasonable that the Government should bear a fair proportion of the cost of the Scheme as otherwise its right to participate in the administration of the Scheme may be open to question.

21. During evidence, the above view point was again and again stressed before us. In the replies to the Questionnaire also various interests have urged that the Central Government must contribute its due share as otherwise it would be wrong to call the Scheme a 'Social Insurance Scheme'. Another argument advanced was that unless the Central Government contributed, the insured persons did not receive benefits equivalent to the money paid by them and their employers on their behalf to the Fund.

22. Apart from the advisability of such a provision, the need for it is clearly established with the mounting pressure for qualitative and quantitative improvements in the benefits admissible under the Act and for including additional benefits, not at present admissible. Obviously, only a limited improvement may be possible unless the Central Government shares in the financial responsibility for the benefits. The capacity of the industry and the employees themselves to pay contributions has been tapped to an appreciable extent and there does not appear to be further scope for any augmentation of funds from that source. We have, therefore, come to the conclusion that the Central Government should contribute and shoulder part of the financial responsibility in the social security programme to which it is committed. We recommend that the Central Government's share should be on a per capita basis calculated with reference to the total number of employees covered under the Scheme from year to year, the amount payable, however, being not less

than the aggregate contribution of all the State Governments for medical care.

State Government contribution

23. As regards the share of the State Governments towards the cost of medical benefit under the Scheme, the Corporation adopted, in the beginning, the stipulation made by the International Labour Organisation Experts, namely that 1/3rd of the cost of medical care in the State would be borne by the State Government concerned and 2/3rd out of the contribution income. While no formal agreement was made between the Corporation and the State Governments, the Government of Uttar Pradesh and the Delhi Administration agreed to bear 1/3rd of the cost of medical benefit when the scheme was implemented in Kanpur and Delhi in February, 1952. The Scheme was implemented in seven industrial towns of the Punjab in the following year and the basis for sharing the cost of medical benefit with the Punjab Government was also the same. Subsequently, however, when the Scheme was to be implemented in Greater Bombay, the State Government suggested a reduction in their financial liability on the plea that their financial resources had been completely tapped for the plan schemes and it would not be possible for them to bear such a heavy financial burden. The proportion of the liability of the State Government was, accordingly, reduced from 1/3rd to 1/4th of the total expenditure on medical benefits. The same ratio was applied to other State Governments also to avoid any discrimination.

24. In the year 1957, when the Corporation decided to extend medical care to the families of the insured persons, the State Governments once again expressed their inability to take this additional liability. In its anxiety to provide medical care to the families of the insured persons without further delay, the Corporation agreed to reduce the share of the State Government from 1/4th to 1/8th of the cost of medical care, where the medical benefit was extended to the families. In those areas where the medical benefit had not been extended to the families, the State Governments continued to pay 1/4th of the cost of medical care. As against the International Labour Organisation Experts' recommendation to charge the State Governments 2/3rd of the cost of medical care to the families, the State Government's share was actually reduced on inclusion of the families. Even so, the State Governments do not share in the entire cost of medical care because the special allowance of one hundred rupees per month allowed to doctors working under the Scheme is paid solely by the Employees' State Insurance Corporation. The expenditure on supply of artificial limbs, spectacles, dentures and wheel chairs etc., is also not shared by the State Governments.

25. During our visits to various States, it was noticed that at some places the per capita expenditure on medical care for the general public was higher than the State Governments' share of the cost of medical benefit to the beneficiaries under the Scheme. We feel that the States' share on medical benefit for the insured person, should in no case be

less than the per capita expenditure on other citizens of the State. In fact, the comparison should be between the per capita expenditure on medical benefits under the Scheme on the one hand, and the per capita expenditure on health facilities for the general public in the urban areas where the Scheme is functioning, on the other.

26. The present provisions under the Act with regard to the sharing of the cost of medical benefits are vague. Till recently no formal agreement had been executed with some State Governments. The reluctance of the State Governments to bear a reasonable share of the cost of medical benefits under Employees' State Insurance Scheme has been largely responsible for its slow growth in the country. We, therefore, recommend that the State share should be specified in the Act itself and not left to any agreement to be arrived at between the Employees' State Insurance Corporation and the State Government. The recommendations made by the two Experts from the I.L.O. regarding the cost to be charged to each State Government (referred to in paragraph 18 of this Chapter) are valid even today and the share of the State Governments should be worked out in the light of those recommendations.



CHAPTER XIV
ADMINISTRATIVE STRUCTURE
Employees' State Insurance Corporation

The body to administer the Employees' State Insurance Scheme is the Employees' State Insurance Corporation set up by the Central Government. The Act and the Rules deal with the composition, powers, functions and meetings of the Corporation. The constitution of the Corporation is as follows:

- (a) The Minister for Labour in the Central Government, ex-officio as Chairman ;
- (b) The Minister for Health in the Central Government, ex-officio as Vice-Chairman ;
- (c) Not more than five persons to be nominated by the Central Government of whom at least three shall be officials of the Central Government ;
- (d) One person each representing each of the States in which the Act is in force to be nominated by the State Government concerned ;
- (e) One person to be nominated by the Central Government to represent the Union territories ;
- (f) Five persons representing employers ;
- (g) Five persons representing employees ;
- (h) Two persons representing the medical profession ;
- (i) Two persons to be selected by Parliament.

The ESI (Amendment) Bill, 1965, which has been introduced in the Parliament proposes the following modifications:

- (i) Nomination of Chairman and Vice-Chairman by the Central Government without specifying the status ;
- (ii) Omission of the condition that at least three representatives of the Central Government shall be officials ;
- (iii) Increase in the representation of the Parliament from two to three of whom two shall be members of Lok Sabha and one shall be a member of the Rajya Sabha ;
- (iv) The Director General of the Corporation shall be ex-officio member of the Corporation.

2. The Corporation was set up on 1st October, 1948, and was charged with the function of "the administration of the Scheme in accordance with the provisions of the Act". It is a body corporate having perpetual succession and a common seal with powers to sue and be sued.

Administrative structure

3. In considering the administrative structure for the implementation of social security programmes, the question arises whether a

Department of the Government or an autonomous statutory institution should be entrusted with the programme. In India, the latter alternative was adopted. There were many reasons for taking this step. One of them was that while the Central Government could legislate on medical matters, it could not, under the Government of India Act of 1935, execute a scheme of health benefits in the States. To overcome this difficulty, it was suggested that an independent statutory body should be constituted to administer the Scheme. This question has been raised before us also and there have been suggestions that in view of the current thinking in favour of a comprehensive scheme of social security covering most of the risks to which an employee is exposed and all sectors of the wage-earning population, it might be better to administer the programmes directly by the Government of India. We have given this matter some thought and feel that there are good reasons why the type of administrative apparatus that has been set up, is preferable to a departmental organisation. We think it is desirable to relieve line officers and the Minister, in particular, from getting involved in arguments concerning individual cases; it is also necessary to ensure a measure of autonomy which will protect the Scheme's operation from extraneous influence or other forces.

4. In one of the reports to a recent international seminar on social security in developing countries, it was mentioned that:

"The tasks, functions and responsibilities involved in social insurance programmes, especially in the collection of contributions, the handling of claims for benefits and the determination of benefit rights on the basis of employment or contribution record, are generally new and no one in the country probably has had experience in such work. Regular Government Departments find themselves more and more dealing with a wide variety of economic and social development programmes and have relatively few skilled and experienced administrators and executives to handle all of them. Consequently, they would find it difficult to provide the concentrated attention and to study social insurance problems which a new scheme needs in order to operate successfully. By vesting responsibility in a body which has no other functions to perform, it and its staff can develop the specialist experience and skill and provide the training necessary for the specialised functions of the social insurance body. In addition, a certain amount of independence from ordinary governmental routines, procedures and controls is desirable because it permits rapid modification as novel problems appear and require solution. A certain autonomy on the part of the body responsible for conducting the affairs of the social security institution becomes necessary. A separate institution may be better able to promote improved public understanding of the objectives and purposes of the Scheme."

We fully endorse the views expressed in this report and feel that there is merit in creating the present administrative machinery. The International Labour Office also suggests for the developing countries

the creation of autonomous social security boards for the administration of social security programmes.

Representation of interests concerned

(a) Workers and employers

5. The general view is that the Government representation on the Corporation is disproportionately high while the representation of the workers and employers is not adequate. The position today is that out of thirty-six members, twenty-two are nominees of the Government, five of the employers and five of the employees. It is complained that the State Governments have a large representation on the Corporation while the only function for which they are responsible is the medical benefits under the Scheme in which the bulk of the expenditure is met out of the ESI funds. Various suggestions have been made to improve the position in this respect. One view is that the representation of the State Governments should be reduced to five members, nominations from State Governments being made by rotation. Another view is that the representation of workers and employers may each be made equal to the representation from the Government. It is also argued that so long as the State Governments have to share an important responsibility about the administration of medical benefits under the Scheme, it would not be advisable to deny any State Government representation on the Corporation even for a short period. On the other hand, it is desirable that the size of the Corporation is not permitted to become too large and therefore unwieldy. We feel that it is necessary to remove the feeling which representatives of the beneficiaries have that they are not adequately represented on the Corporation. Taking note of all the factors, we recommend that the employers, the employees, and the Government, including other interests should be represented in the ratio of 1:1:2 respectively. We further recommend that following the principle enunciated above, the strength of the Corporation should be raised to forty, out of which the Employers and the Employees should have ten representatives each and the rest may be distributed between the Central and the State Governments, medical profession and members of Parliament.

(b) State Governments

6. The State Governments have the following responsibilities under the Employees' State Insurance Act:

- (i) Extension of the provision of the Act to any other establishment or class of establishments in consultation with the Corporation and with the approval of the Central Government—Section 1(5);
- (ii) Nomination of a representative of the State Government on the Corporation—Section 4(d);
- (iii) Nomination of a representative of the State Government on the Medical Benefit Council—Section 10(1)(d);
- (iv) Provision of medical treatment to insured persons and their families in the State; establishment of dispensaries, hospitals,

- etc. ; agreement with the Corporation in regard to nature and scale of medical treatment etc.—Section 58 ;
- (v) Constitution of Employees' Insurance Court—Section 74 ;
 - (vi) Transfer of any matter pending before any Employees' Insurance Court to any Employees' Insurance Court in any other State—Section 76(3) ;
 - (vii) Exemption of factories or establishments or of employees or class of employees from the provisions of the Act—Sections 87 to 91 ;
 - (viii) Making of Rules—
 - (a) with regard to the constitution and working etc., of Employees' Insurance Courts ;
 - (b) with regard to the setting up of hospitals, dispensaries and other institutions, the allotment of insured persons to these institutions, the scale of medical benefit and the keeping of medical records etc., the nature and extent of staff, equipment and medicines in these institutions, and conditions of service of staff etc., employed in the medical institutions—Section 96 ;
 - (ix) Constitution of Medical Board (Regulation 75) ;
 - (x) Nomination of the representative of State Governments in the Regional Boards and recommendations regarding the organisations of workers and employers for inclusion in the Regional Board (Regulation 10) ;
 - (xi) Same as above for Local Committees (Regulation 10-A) ;
 - (xii) Advising the Employees' State Insurance Corporation regarding extension of medical benefit to families (Regulation 95-A).

7. From the list given above, it would be evident that while the State Governments have a large number of administrative functions like the nomination of their representatives on various bodies, the extension of the Scheme, and exemption of factories or establishments, the executive functions are mainly the establishment and the working of the Employees' Insurance Courts for adjudication of disputes under the Act and administration of medical benefit.

8. The most important function, however, is the provision of medical care facilities to the insured persons and their families including the establishment of hospitals, dispensaries and other institutions. It is primarily in this field that the State Government is concerned with the day-to-day working of the Scheme.

9. The Employees' State Insurance Act was enacted in 1948 by the then Department of Labour of the Government of India. Being essentially a labour legislation, it was provided that the Minister in-charge of the Labour Department would be the Chairman of the Corporation, *ex-officio*, and Health Minister the Vice Chairman of the Corporation, *ex-officio*. The State Governments under the Act are free to

nominate any one they choose to represent their interest on the Corporation. As it was a labour legislation and the subject was dealt with in the Labour Departments of the State Governments also, the State Governments nominated either their Labour Secretaries or their Labour Commissioners to represent them on the Corporation.

10. As mentioned above, with the nominations made in the beginning and renewed from time to time, the administrative functions of the State Governments, more or less, came to an end except in the matter of grant of exemptions etc. The executive duty with regard to the working of the Employees' Insurance Courts also ended after the courts had been established. The main function of the State Governments that remained was with regard to the administration of medical benefit.

11. The question of the representation of the State Governments has been discussed with their representatives at the time of recording oral evidence. While the view expressed, by and large, was that the existing arrangements need not be disturbed, as they had worked satisfactorily in most states, we feel that the present arrangement is not realistic. The Department of Health is directly concerned with the execution of the Scheme in the State. Routing of all correspondence and participating in the deliberations of the Corporation through the Department of Labour is an avoidable duplication which can be eliminated by nominating a representative of the Department of Health on the Corporation and by handling all matters dealing with the working of the Employees' State Insurance Scheme in that Department. The Department of Health would, doubtless, take the advice of the Labour Department in all administrative matters and would delegate to that Department the work in connection with the grant of exemptions and the Employees' Insurance Courts. In the States where the Administrative Medical Officers work under the supervision and control of the Department of Labour, we have noticed a feeling that execution might have been more expeditious if they had to deal directly with the Directorate of Health Services or with the Health Department of the State Government. The Labour Department has, in any case, to depend entirely on the Department of Health for its requirements of medical and para-medical personnel, equipment, medicines and drugs etc. That being so, it does not appear to be necessary to have an additional level through which the papers should move. The Department of Health should be able to deal with the Corporation directly.

(c) Central Government

12. The Central Government is authorised to nominate not more than five persons of whom at least three shall be officials of the Central Government to be included in the Employees' State Insurance Corporation. A suggestion was made that it would be useful to specify qualifications for the nominees of the Central Government. We, however, feel that it is not necessary to specify any special qualifications. The Central Government should have freedom to select any person, whom they think suitable, to function as their nominee on the Corporation. The

nominees of the Central Government so far have been the officials of the Ministry concerned, the Chief Adviser of Factories, the Director General, Health Services and the representative of the Ministry of Finance. The intention of making an elastic provision was presumably, to enable the Central Government to nominate on the Corporation one or two persons who might not be officials of the Government but who might have knowledge and experience of the administration of social security schemes which may be of value to the Corporation. We think that the Government should utilise this provision for such a purpose. It will strengthen the Corporation if an eminent person connected with or having knowledge and experience of the field of activities of the Corporation was included among the nominees of the Central Government.

Functions of the Corporation

13. The Corporation works through its Standing Committee which can exercise any of the powers and perform any of the functions of the Corporation and by delegation of its powers and functions to the Director-General, who is the chief executive officer of the Corporation. The following matters, however, must be placed before the Corporation for decision:

- (a) Regulations under Section 97 and amendments thereto ;
- (b) any measures proposed for health and welfare of insured persons and for rehabilitation of disabled insured persons ;
- (c) any proposal to extend medical benefit to families ;
- (d) any dispute with the State Government proposed to be referred to arbitration ;
- (e) any proposal to set up hospitals by the Corporation ;
- (f) any proposal to grant exemption from one or more provisions of the Act ;
- (g) any proposal to enhance benefits ;
- (h) any other matter which the Corporation or its Chairman may direct the Standing Committee or the Director General to place before the Corporation.

Supersession of the Corporation and Standing Committee

14. The Central Government can, by notification, supersede the Corporation or the Standing Committee if in its opinion the Corporation or the Standing Committee has been guilty of persistently making default in the performance of its duties or of abusing its powers. The supersession of the Standing Committee is in consultation with the Corporation. Before issuing such a notification the Central Government must give a reasonable opportunity to the Corporation or the Standing Committee, as the case may be, to show cause why it should not be superseded. If the Standing Committee is superseded, a new Standing Committee is to be immediately constituted. If the Corporation is superseded either a new Corporation is constituted immediately

or another agency set up to exercise the powers and to perform the functions of the Corporation. The Central Government must place a full report before the Parliament of the circumstances leading to supersession and the action it has taken thereon within three months from the date of supersession.

15. It will thus be seen that *inter alia* the Central Government has extensive powers *vis a vis* the Corporation. We have indicated elsewhere that for this and other reasons it behoves the Central Government to make its contribution to the funds of the Corporation.

Standing Committee

16. While the Corporation is a policy-making-body and is in overall charge of administration, it has a Standing Committee, as mentioned earlier, as its executive organ. The Standing Committee consists of thirteen members drawn from the Corporation by nomination and election. They include besides the Chairman and three other officials of the Central Government, representatives of three State Governments. The other six members, two each representing employees and employers, and one each representing the medical profession and the Parliament, are elected by the Corporation. The Amending Bill proposes to increase the strength of elected members from six to eight. The representatives of the workers and the employers will be three each instead of two. Besides, the Director-General, E.S.I. Corporation is proposed to be included as an *ex-officio* member of the Standing Committee. In view of our recommendations regarding increase in the representatives of workers and employers on the Corporation, and following the same principle, the number of seats for these interests on the Standing Committee may also be increased to five each. This will raise its strength to twenty members. The remaining ten members will represent the Central and the State Governments and other interests concerned.

17. The Standing Committee has the powers to administer the affairs of the Corporation and to "exercise any of the powers and perform any of the functions of the Corporation" subject to general superintendence and control of the Corporation. The Standing Committee decides the organisational and procedural pattern of the Corporation for efficient discharge of its functions. It can delegate its powers and functions to subordinate bodies. The Standing Committee has set up a General Purposes Sub-Committee to survey and report on the working of the scheme in various States. The Sub-Committee has submitted reports on the working of the scheme at Bombay, Kanpur, Delhi and Amritsar (1953), Nagpur, Hyderabad and Coimbatore (1956); Calcutta, Howrah, Assam, Madras, Madurai and Bangalore (1959); Indore, Ujjain and Bombay (1961); Lucknow and Kanpur (1962); Ernakulam Cochin, Alwaye, Udyogamandal, Perumbavoor, Alagappa Nagar, Trichur, Mulakunnathukaru, Quilon and Trivandrum (1963).

18. Besides the General Purposes Sub-Committee, Standing Committee has set up from time to time various other sub-committees to

consider and report on specific aspects of the working of the Scheme. In its deliberations the Standing Committee considers many matters involving questions of policy. Their recommendations are generally accepted by the Corporation without modification.

Medical Benefit Council

19. The Medical Benefit Council constituted by the Central Government consists of:

- (a) The Director General, Health Services *Ex-Officio*, Chairman.
- (b) The Deputy Director-General, Health Services, nominated by the Central Government.
- (c) The Medical Commissioner of the Corporation, *Ex-Officio*.
- (d) One member each representing the States.
- (e) Three members representing employers.
- (f) Three members representing employees.
- (g) Three members, of whom not less than one shall be a woman, representing the medical profession.

Functions of the Medical Benefit Council

20. The Medical Benefit Council has the following powers and duties:

- (1) To advise the Corporation in regard to the Constitution and functions of the Regional and Local Medical Benefit Councils;
- (2) To make recommendations to the Corporation in regard to:
 - (a) the scale and nature of medical benefit to be provided, the nature and extent of medicines, staff and equipment required and the extent to which these fall short of the desired standard;
 - (b) the medical formulary;
 - (c) medical certification, statistics, returns, registers and other medical records;
 - (d) measures for improvement of the health and welfare of insured persons and the rehabilitation and re-employment of disabled or injured insured persons.
- (3) To advise the Corporation on any matter relating to the professional conduct of any medical practitioner employed in the scheme.

21. The Medical Benefit Council is an advisory board and plays a very important role in the setting up and maintenance of standards of medical care. Considering the specific functions of the Medical Benefit Council, it would be desirable to give more representation to medical experts on this body. We think that the Central Government should in addition have powers to nominate on the Council five medical experts who may be specialists in medicine, chest, surgery, orthopaedics and indigenous system of medicine.

22. We learn that the State Governments are, by and large, represented on the Medical Benefit Council by Directors of Health Services or the Surgeon-General but this is not the position in all the States. We think that the participation of the State Governments in the deliberations of the Council should be at the highest level and all State Governments should be represented through their Directors, Health Services or the Surgeon-General.

Meetings of the Corporation, Standing Committee and Medical Benefit Council

23. The E.S.I. (Central) Rules provide that the Corporation shall meet at least twice a year and the Standing Committee and Medical Benefit Council shall meet at least four times each year. It was stated during the oral evidence that these bodies have not been meeting regularly. As against the provision of at least two meetings in a year, the Corporation met only once a year in each of the seven years (1948, 1950, 1952, 1953, 1954, 1956, 1957); twice in each of other seven years (1951, 1955, 1958, 1959, 1961, 1963 and 1964), thrice in 1960 and four times in 1962. In one year (1949) the Corporation did not meet at all. The Standing Committee, as against the provision of at least four meetings in a year met only once a year in each of the three years (1948, 1950 and 1962), twice in each of the seven years (1949, 1951, 1953, 1954, 1957, 1961 and 1964), thrice in each of the five years (1955, 1958, 1959, 1962 and 1963), and met four times in 1960 only. Similarly, the Medical Benefit Council met only once a year in each of the six years (1954, 1955, 1956, 1958, 1959 and 1964); twice in each of the four years (1949, 1960, 1961 and 1962), thrice in 1963 and did not meet at all in as many as six years (1948, 1950, 1951, 1952, 1953 and 1957). Though the Corporation has not in the past been able to comply with the requirements of the rules in respect of holding meetings of its statutory bodies, this does not necessarily indicate any lack of interest in the responsibility entrusted to them. A perusal of the memoranda of the meetings of the Corporation and the Standing Committee since inception is as revealing as it is interesting. We, however, feel that the Corporation, the Standing Committee and the Medical Benefit Council should meet regularly on due dates and there should be a suitable machinery at the Headquarters office of the Corporation for proper liaison between the functions of these bodies.

Regional Boards and Local Committees

24. The Act empowers the Corporation to appoint Regional Boards, Local Committees and Regional and Local Medical Benefit Councils. The Regulations provide that a Regional Board may be set up for such areas as may be considered appropriate by the Chairman of the Corporation and that a Local Committee may be set up for such areas as may be considered appropriate by the Regional Board. With regard to the constitution of the Regional Boards, the Regulations provide for the nomination of one representative each of the employers and the employees from each of the States in the area covered under the jurisdiction of the Regional Board. The Regulations also provide

that the Chairman of the Corporation, if he considers it to be expedient, may nominate such additional representatives of employers and employees, not exceeding three from each side, with a view to providing for adequate representation of important organisations not included in the nominations of the State Government concerned and to maintaining the parity between the number of representatives of such employers and employees.

25. In order to ensure adequate representation of the employers and the employees on the Regional Boards and consistent with the principle enunciated earlier regarding representation of the respective interests on the Corporation and the Standing Committee, we recommend that the Regulations should provide that where the number of employers and employees representatives on the Regional Board is less than three each, including the *ex-officio* members, the Chairman shall nominate additional representatives of employers and the employees to bring their number up to three.

26. The Regulations specify that a Regional Board shall perform the following functions in respect of the region for which it is set up :

- (a) such administrative and or executive functions as may, from time to time, be entrusted or delegated to it by a resolution, by the Corporation or the Standing Committee.
- (b) making recommendations from time to time in regard to changes, which may in its opinion be advisable in the Act, Rules and Regulations and forms and procedure to be followed in the functioning of the Scheme.
- (c) referring such complaints as it may consider necessary, to the Director General with its recommendations.
- (d) advising the Corporation on such matters as may be referred to it for advice by the Standing Committee or the Director General.

27. The functions of the Local Committee are :

- (a) to discuss local problems in regard to the Scheme so as to secure its efficient working with the full co-operation of all parties concerned and to make recommendations ;
- (b) to refer such complaints as it may consider necessary to the Regional Director concerned or in the case of complaints concerning medical benefit, to the State Government or such authority as that Government may nominate for the purpose ; and
- (c) to advise the Corporation or the Regional Board on such matters as may be referred to it for advice.

Functioning of Regional Boards

28. Regional Boards have been set up in all the States except in Delhi where an *ad-hoc* Committee is functioning. There were one hundred and one local committees as on 31st March, 1965, functioning

throughout the country. No Regional and Local Medical Benefit Councils have been set up so far. Views have been expressed that Regional Boards and Local Committees have not achieved, the objectives for which they were constituted because the functions expected to be performed by them were never entrusted or delegated to these bodies nor referred to them by the Corporation. It was complained that they were not kept informed about the deliberations at the meetings of the Standing Committee and the Corporation; they were not consulted with regard to any amendment to the Act or Regulations and that there was no proper liaison between the Corporation and the Regional Boards. It was also stated during oral evidence at some places that the recommendations made by these bodies were not implemented. Employees' organisations complained that the beneficiaries did not have sufficient representation on the Regional Boards. It was suggested that there should be decentralisation of the administration of the Corporation and more functional powers should be delegated to the Regional Boards. Government of India, Ministry of Labour and Employment, had also received suggestions in this regard which were referred to us for examination.

Decentralisation of administration

29. The question of decentralisation of the administration of the Scheme and the delegation of executive powers to the Regional Boards was first considered by the Corporation in the year 1952-53. At its meeting held on 11th December, 1952, the Corporation set up a sub-committee to examine, *inter-alia*, the extent to which, within the frame-work of the Act, economy and efficiency could be increased by decentralisation of administrative functions to the regional levels. The Committee recommended that the Regional Boards should be vested with certain executive powers (financial and administrative powers under the Fundamental Rules, Supplementary Rules and General Financial Rules etc.) apart from playing an effective advisory role on major issues such as settlement of fees for panel doctors, utilisation of medical facilities provided by certain employers, nature and extent of hospitalisation for insured persons and medical care for families of the insured persons.

30. In accordance with the recommendations of the Sub-Committee, the Corporation, at its meeting held on 27th November, 1953, adopted a resolution delegating certain administrative and financial powers and certain advisory functions to the Regional Boards. The Corporation also resolved that "a Regional Board may delegate, for any specific period such of its powers as it deems fit to the Chairman or Vice-Chairman of the Regional Board under intimation to the Director General or with the consent of the Director General to the Regional Director".

31. In pursuance to this decision of the Corporation, the Regional Boards assumed powers as delegated to them and redelegated certain powers and functions to their respective Chairmen or Vice-Chairmen and to the Regional Directors with a view to facilitate day-to-day

administration. While this process was going on, doubt was raised as to the legality of redelegation of certain powers by the Regional Board to its Chairman, Vice-Chairman or the Regional Director. Section 94-A of the Employees' State Insurance Act empowered the Corporation and the Standing Committee to delegate any of their powers and functions to any officer or authority subordinate to the Corporation but did not, it was realised, *ipso facto* give to such authority power of redelegation. The matter was once again examined by the Standing Committee and the Corporation at their meetings held in July, 1956, when it was decided that for carrying on day to day work, essential powers be delegated directly by the Standing Committee to the Regional Directors or to the Regional Directors in consultation with their Regional Assistant Accounts Officers.

32. The provisions regards the exercise of executive and administrative functions by the Regional Boards, have, therefore, remained inoperative. We have given the matter careful thought and we feel that it is not necessary to delegate to the Regional Boards, powers relating to routine day to day administrative matters e.g. the appointment of clerical staff; grant of leave; approval of tour programmes; sanction of T.A.; purchase of small items of stationery; equipments and stores; payment of rents and taxes etc. which can safely be entrusted to the local executives. In a national scheme, uniformity is of great importance. So long as the funds are centralised, a certain amount of financial control from the Centre is clearly desirable. This is possible only if there is one final control authority for all the regions. Exercise of administrative powers by a Chairman of the Regional Board may lead to embarrassing situations in cases where the Director General holds a different view or issues directives to the Regional Directors which are not in conformity with the decision of the Regional Board Chairman. We think that the Regional Boards should not be encumbered with the day to day administration.

33. There is no doubt, however, that in the working of a Scheme as vast and far-flung as this, the Regional Boards and the Local Committees can make a very positive contribution. They are much closer to the field than the Corporation itself or its Standing Committee. They can, therefore, have a better feel of the actual operation of the various aspects of the Scheme, the difficulties experienced by the insured persons, employers, doctors and others connected with the operation of the Scheme, the requirements of the region or centre as regards extension of the Scheme, the availability of various facilities that are needed for extension, and so on. Further, since all the interests connected with the Scheme are represented in these bodies, they are eminently capable of taking prompt decisions regarding most questions relating to the operation of the Scheme in their respective areas and thereby to promote the process of genuine decentralisation.

34. We feel that so far the potentialities of the Regional Boards and the Local Committees have not been properly utilised by the Corporation. Even under the present Regulations, they are supposed to advise the Corporation on such matters as may be referred to them

by it. It is surprising, however, that the Corporation has at no time referred any matter to any Regional Board for advice. It is difficult to believe that during more than twelve years, no occasion or question arose on which the advice of a Regional Board might have been usefully sought.

35. We, therefore, recommend that the Regional Boards should be entrusted with the following specific functions:

- (i) Deciding, within the broad framework of the general decisions of the Corporation, questions like geographical extension of the Scheme; any special measures to meet peculiar conditions in the area or Region; improvement in benefits; extension of medical care to families; provision of indoor medical treatment; rehabilitation arrangements for partially disabled insured persons; ensuring compliance by employers and so on.
- (ii) Exercise general supervision, without interfering with day-to-day administration, over the operation of the Scheme including work of local offices, processing of permanent disablement benefit cases, etc.
- (iii) Look into general grievances and difficulties of insured persons, employers, medical personnel, Corporation staff etc., and promote healthy relations among them.

36. These functions would be in addition to those already mentioned in the Regulations at present. The Regional Boards may set up suitable sub-committees for carrying out the different functions and they may also take assistance of Local Committees.

37. Lately, the Corporation has been reporting to the Regional Boards important decisions taken by the Standing Committee and the Corporation. The recommendations of the Regional Boards are also reported to the Standing Committee for information. This does not appear to be sufficient. There should be a systematic consideration of the recommendations of the Regional Boards in the Corporation. The suggestions received from the Regional Boards should be placed before the Standing Committee for consideration and decisions thereon should be communicated to them without delay. Depending on the frequency and volume of such recommendations, the Standing Committee may have a screening committee which could meet more frequently to consider suggestions from the Regional Boards and Local Committee before they are referred to the Standing Committee. Suggestions which are clearly unacceptable should be referred back to the Regional Boards explaining why they are not being placed before the Standing Committee.

Regional Medical Benefit Councils

38. The Corporation has not set up any Regional and Local Medical Benefit Councils in any area so far nor have Regulations been framed for the constitution of these bodies. The medical benefit is, undoubtedly, the most important feature of the Scheme, and being a benefit in kind, it is more susceptible to complaints and criticism. We

have discussed at some length in the preceding chapters that the medical care facilities and the standard of hospitalisation, and specialist services etc. provided under the Scheme have not been wholly adequate, for many reasons. It is, therefore, necessary to have at least at the regional level expert machinery to advise the regional organisation on this vulnerable aspect of the Scheme. We strongly recommend that suitable Regulations be framed for the constitution of Regional Medical Benefit Councils and for delegation to them of necessary powers and functions to assist in the administration of medical care benefit under the Scheme. The setting up of Regional Medical Benefit Councils would greatly relieve the Regional Boards of detailed consideration of matters which properly fall in the domain of medical experts. In the absence of such a consultative machinery, sometimes even highly technical subjects do not get the expert consideration which they deserve.

Delegation of administrative powers

39. While we do not favour delegation of administrative functions to the Regional Boards, we strongly recommend decentralisation of the administrative work and adequate delegation to lower levels so as to cut down to the minimum the need for reference to the Headquarters matters which are comparatively of routine nature. The process of decentralisation which has been in evidence for some time past has, doubtless, improved the functioning of the Scheme. However, the officers deployed in the field to exercise these delegated powers have, in many cases, observed that there are still a large number of routine cases for which reference has to be made to the Headquarters for sanction or approval. Many of the powers delegated to the Regional Directors are required to be exercised by them "in consultation with the Regional Assistant Accounts Officers." It was stated that the delegation becomes ineffective where Regional Assistant Accounts Officer interprets the Headquarters' instructions differently from the Regional Director and this happens not infrequently. Instances were mentioned where very minor matters like issuing of a telegram, booking of a trunk call, incurring expenditure on 'tea' in an informal meeting, gave rise to formidable correspondence between the Regional Director and his Regional Assistant Accounts Officer and sometimes led to a reference to the Headquarters for resolving the differences. We hope that such cases are not many. However, we have tried to examine the position by reference to the instructions on the subject.

40. The schedule of powers delegated to the Regional Directors includes among others, the following items where consultation with the Regional Accounts Officer is necessary :

Item	Delegation
Electricity, water and telephone charges	Full powers in consultation with the Regional Assistant Accounts Officer within budget allotment and subject to the scale and general instructions laid down by the Standing Committee from time to time.

Item	Delegation
Municipal or cantonment taxes for buildings owned by the Corporation	Full powers in consultation with the Regional Assistant Accounts Officer, subject to the condition that the payment of such dues is not made for a period exceeding one year at a time.
Purchase of Adrema Ribbons	In consultation with the Regional Assistant Accounts Officer, at a cost not exceeding the rates approved by the Headquarters office. The actual requirement should be worked out on the basis of 1000 impressions per ribbon. One ribbon may be kept in stock.
Incidental Court expenses	Upto Rs. 100/- in each case. If the amount exceeds Rs. 100/- it may be sanctioned in consultation with the Regional Assistant Accounts Officer (monthly report to the Headquarters in respect of payment exceeding Rs. 25/-).
Repairs to office buildings	In consultation with the Regional Assistant Accounts Officer within budget limit upto Rs. 500/- per annum for Regional Office building and Rs. 250/- per annum each for Local Office and inspection office building subject to report to the Standing Committee.

41. Some of the items of expenditure in which there is no discretion and those where yardsticks have been laid down and the maximum prices have also been prescribed, have also to be referred to the Regional Assistant Accounts Officer for concurrence before expenditure can be incurred. We think it would be more expeditious if responsibility was placed on the Regional Directors and the administrative expenditure incurred by them is subjected to audit in the normal way. The Regional Assistant Accounts Officer in the region should essentially be an audit officer but he should be available to the Regional Director for financial advice where such advice is sought by him. On matters on which the Regional Director is in doubt, he should make reference to the Headquarters for advice before incurring expenditure. Apart from the delay that such conditional delegations cause, there is also an impairment of initiative in the executive. The Corporation should train its officers to take independent, quick and proper decisions and should ensure the correctness of the decisions by periodical audit and inspections by the senior officers from the Headquarters. We recommend that the schedule of powers delegated to the Regional Directors and other officers should be reviewed in the light of these observations. The process of de-centralisation should continue and the matter should be kept under constant review to ensure that, as far as possible, routine references to the Headquarters are avoided and the Headquarters office is left free from executive work.

CHAPTER XV

ORGANISATIONAL SET-UP

Social Security administration is a complex process, partly because a large number of people are involved in contributing for and claiming of a variety of benefits under conditions prescribed by law and partly because the financing and administration of benefits requires the co-operation of many Government and private agencies at various levels sharing different levels of responsibilities. While complexity is an inevitable feature of social security administration, there is doubtless need for simplicity because bulk of the beneficiaries are unsophisticated and unwilling to be encumbered with complicated routines in the process of claiming the benefits due to them. There is need for a simple administrative apparatus, particularly when a large percentage of the population covered under the social security scheme is not educated or acquainted with the routine processes of administration of statutory bodies.

2. However limited a Scheme may be, it involves gigantic operations of registration, recording, indexing, indentifying, calculating and paying of numerous claims with the minimum of delay and dissatisfaction to the claimants. The organisation of social security measures, therefore, calls for ingenuity and resourcefulness. This, in turn, necessitates an effective system of training of the personnel in the organisation in the tasks which they have to handle. Social insurance is essentially an inter-regional, inter-group, and inter-governmental activity, the operation of which calls for several devices in co-ordination. Different regions with different levels of socio-economic development are called upon to work a uniform national scheme of social insurance. Therefore, the reactions and the response of people are not the same everywhere. Further, the employees, the employers and the medical profession have different views about and expectations from the social insurance scheme. The success of the operation, therefore, demands great deal of co-operation among all these interests.

Organisational machinery

3. As has been stated in an earlier chapter, the administration of the Employees' State Insurance Scheme rests with the Employees' State Insurance Corporation, which is a body corporate representing the Central Government, the State Governments, the employers, the employees, the medical profession and the Parliament. The Standing Committee of the Corporation acts as the executive body of the Corporation subject to its general superintendence and control. The Medical Benefit Council constituted by the Central Government advises the Corporation on matters relating to the administration of medical benefits.

4. The Chief Executive authority rests with the Director General of the Corporation who is assisted by four other Principal Officers, namely, the Insurance Commissioner, the Medical Commissioner, the

Chief Accounts Officer and the Actuary, each head of his respective technical division. All the Principal Officers including the Director General are appointed by the Central Government.

5. The Administrative machinery of the Employees' State Insurance Corporation consists of a three-tier organisation. At the base are the primary units called the local offices, responsible mainly for disbursement of benefits and for day-to-day contact with the insured persons. Each one of these offices is in charge of a local office manager. The local offices are of different grades, depending on the number of insured persons attached. The status of the local office manager also depends on the size of the local office. At the intermediate level, there is a Regional Office in each State controlling and supervising the local offices in the region and performing certain direct functions relating to the collection of contributions, inspection of factories and establishments to enforce compliance with the provision of the Act, adjudication of long-term benefits, account-keeping and providing expert advice to the local offices in their day-to-day functioning. The Regional Office is under the control of a Regional Director who also acts as Secretary to the Regional Board in his Region. At the apex is the Headquarters' office which lays down broad policies at the national level, issues instructions to the Regional and local offices and supervises their working. The Headquarters' Office also functions as the secretariat of the Corporation, the Standing Committee and the Medical Benefit Council. Liaison with the State Governments and with the Central Government is maintained through the Headquarters Office of the Corporation.

Headquarters

6. The four main Divisions at the Headquarters, each under the charge of its respective Principal Officer, are the Insurance Division, the Medical Division, the Accounts Division and the Actuarial Division. There are deputies and other officers and staff in each Division to assist the Principal Officer in his duties. The Administration Division is, however, looked after directly by the Director General. The administrative set up of the Headquarters Office of the Corporation is given in the Chart at appendix XIV.

7. A fact which attracted our pointed attention was the absence of a senior officer of the status of a Principal Officer responsible for the work of the Administrative Division at the Headquarters. While other Divisions are under the charge of Principal Officers, this happens to be the only Division, which, because of the absence of a Principal Officer, has to be looked after directly by the Director General. Needless to state, this situation over-burdens the Director General with routine administrative work and deprives him of the time and attention which he otherwise could bestow on matters of greater importance. Otherwise also in a progressively expanding organisation like the Employees' State Insurance Corporation charged with the task of alleviating human distress in many spheres, the need for effective administration and personnel management becomes much more pronounced than is sometimes realised. Successful planning, direction, supervision and co-ordination

of human efforts and activities pre-supposes a spirit of co-operation at all levels and due regard to a correct inter-relationship between well-being and welfare of all members of the organisation, so as to enable them to make their maximum personal contribution to the effective and efficient working of the organisation. The control of the Administrative Division by a senior officer of the status of Principal Officer is a desideratum, which needs to be made up without delay. Such an officer should have keen knowledge and capacity to stimulate, develop, strengthen and integrate efforts towards management improvement. There are at present two Administrative Officers assisting the Director General. They are junior in status to the Regional Directors in Maharashtra and West Bengal and equal to that of the Regional Directors in Grade II Regions. Obviously, they cannot be expected to deal effectively with the administrative and personnel problems of these Regions and every reference has necessarily to travel higher up for decision. This deficiency in the organisational frame-work was realised even as early as 1952-53, when the I.L.O. mission which was invited by the Government of India to advise on the administrative set up, recommended the appointment of a high ranking officer as Director of Establishment to assist the Director General. We think that this is a matter which needs immediate attention of the Corporation.

8. The Corporation has had three Directors General since its inception in 1948. The first two were medical men and the present Director General is a senior I.C.S. Officer. While we would like to record our appreciation of the valuable contribution to the growth and development of the Corporation by them during the most difficult formative stages, we would strongly recommend re-orientation of the administration with a bias towards expertise. Social security administration is a highly technical subject and calls for high degree of professional skill and experience. At the lower level, while Medical, Accounts and Actuarial Divisions are under the charge of professionals, the position has not been the same with the Insurance Division. It is of the utmost importance that this Division is also manned by officers with suitable qualifications, experience and training in social security administration. In fact, there is no reason why the Corporation should not, in course of time, be able to train up its own officers to take charge of the responsibility of the office of Director General also.

9. Considering the size that the Corporation has now assumed, extensive coverage under the Scheme, the establishment of field offices all over the country, the steady increase in the quantum and standard of medical facilities, and the need for effective liaison with the State Governments, we think that it is advisable to provide a deputy to assist the Director General and to co-ordinate the work of other technical divisions. We understand that a proposal for the appointment of a Deputy Director General was made to the Central Government by the Director General some time back. We think it is justified and it will strengthen the organisation.

10. In this connection, reference may be made to the provision in the Employees' State Insurance Act that the Principal Officers shall

be appointed by the Central Government in consultation with the Corporation. We think it is unnecessary to burden the Central Government with this responsibility. The appointment of the Director General alone need be made by them. Other officers should be appointed by the Corporation itself through normal channels. Incidentally, this will allow freedom to create posts at the Principal Officers' level as and when it may be become necessary. Reference has already been made to the need for a senior post for Administration and Personnel Department. Another deficiency in the organisational set up noticed was the absence of a Financial Adviser. The Corporation with a budget touching nearly Rupees twenty crores a year must have a high level machinery for financial advice. This function is at present performed by the Chief Accounts Officer although his duties, according to the rules laid down by the Central Government, are confined to maintenance of accounts and carrying out of internal audit. He should either be designated as Financial Adviser or a separate post created for this purpose. The present position is clearly unrealistic. All this supports the view that the Corporation should be free to modify its top organisational structure to suit its current requirements. In any case, a statutory provision fixing the number and functions of a certain grade of officers, irrespective of the size or growth of the organisation is an unusual feature and does not find a place in any other similar legislation. In the case of other Corporate bodies also, only the Chief Executive Officer is appointed by the Government. Appointment of other officers is entirely the function of the Corporate body.

Organisation and Method Division

11. There is no doubt that administrative cost should be kept to the minimum. The easiest and the most effective method of exercising restraint on administrative costs and of minimising them is the strengthening of the machinery of Organisation and Method which would keep procedures under constant review and revision. While economies in several spheres can be readily assessed and estimated, the savings and improvements effected by full fledged O&M Division are sometimes not quite appreciated in the absence of empirical data. In the process, the costs of maintaining such a Division are sometimes exaggerated without realising that there is no alternative or substitute for such an arrangement which has come to be regarded as indispensable by all progressive managements. It would, certainly, be worthwhile to concentrate on a realistic appraisal of present work standards, possible improvements and simplifications with a conscious effort at economy in costs and operations and exploration of methods suited to the special needs and requirements of the organisation. Alterations and adjustments may be effected after proper experimentation so as to adopt ultimately what best fits the needs of the Organisation. Administrative procedures have a tendency to become more and more complex as time passes and unless systematic review is made from time to time and efforts are made to cut down the avoidable processes, the administrative machinery is bound to become more and more costly.

12. In spite of improvements in many spheres of work, dissatisfaction of the beneficiaries under the Employees' State Insurance Scheme with cumbersome processes of claim payment has not appreciably diminished. It becomes all the more necessary, therefore, for the Headquarters of the Corporation to concern itself more particularly with a survey and study of administrative problems and measures aimed at improving quality and speed of work and at enhancing the general efficiency and standards at all levels and for building up data for more efficient policy-making.

13. In addition, the O&M Division should engage itself in studying methods of eliminating the time wastage due to several factors and for prescribing certain minimum standards of efficiency and performance. Elaborate work study and method study should be conducted at chosen offices so as to make the best possible use of the human material in carrying out specific operations at all levels. The O&M Division which should have a set up for research and development, should be headed by a sufficiently senior officer with considerable experience whose opinion cannot be easily disregarded. The research work in the organisation will not only improve the working of the Employees' State Insurance Scheme but will also be of great help in planning social security programme in India and in other developing countries.

Staff training

14. Along with the O & M Division, there should be a machinery for staff training. The staff training branch should engage itself in the programme of training of employees not only at the time of initial recruitment but also as a continuing process for intermediate levels and those at the top management level. There should be re-orientation courses, refresher courses and appreciation courses. This training should undoubtedly include re-orientation of the mental attitude of the staff. The personnel development programme should include inter-regional meetings, seminars, publication of house magazines, participation in international seminars and conferences, availing of the facility for training available under United Nations Programme of Technical Assistance and under the Colombo Plan and encouragement for professional training by means of monetary incentives.

Public relation services

15. Need has also been widely felt for creation of a regular public relation organisation at the Headquarters and at the Regional offices, to disseminate information and experience. This should be under the charge of the Head of the Administration Division.

Regional Offices

16. Currently there are two Grade I Regions, namely, Maharashtra and West Bengal, seven Grade II Regions, namely, Gujarat, Kerala, Madras, Madhya Pradesh, Mysore, Punjab and Uttar Pradesh and five Grade III Regions, namely, Andhra Pradesh, Bihar, Delhi, Orissa and Rajasthan. The fifteenth region, namely, Assam is the only Grade IV

Region. We do not think there is any advantage in retaining Assam as the solitary Grade IV Region. We believe that it should be possible to merge it with the West Bengal Region without any difficulty. In regard to other Regions, our feeling is that the two Grade I regions of Maharashtra and West Bengal have now become rather too unwieldy. These Regions cover a wide area and have a large complement of officers and staff whose work cannot be effectively controlled and supervised by a single Regional Director. We are of the view that bifurcation of Maharashtra Region, with two Regional Directors separately incharge of defined areas would be more purposeful. In regard to West Bengal, we suggest that this should also be subdivided into two Regions—one comprising of Calcutta and Howrah and the other of 24-Parganas and Hooghly. As regards Grade III Regions, we think it may be useful to consider amalgamation of Bihar with Orissa and Delhi with Rajasthan. Andhra Pradesh is too wide to allow integration and amalgamation with any other Region. With extension to smaller units, it may be made Grade II. After bifurcation and consolidated as suggested above, all the Regions would be of practically the same Grade and can have a uniform staffing pattern.

17. Another matter that has engaged our attention is the level at which the Regional Offices should be manned. So long as the administration of medical benefits is the responsibility of the State Governments, there is great need for an effective and continuous liaison between the Corporation and the State authorities. This is possible only if the Regional Directors are of sufficient status who can effectively represent and commit the Corporation in negotiations with the State Governments.

18. As the extension programme under the Employees' State Insurance Scheme is implemented and if merger of the Employees' Provident Fund with the Employees' State Insurance Corporation is effected, it will become necessary to decentralise the functions of the Headquarters Office. We suggest that for an effective decentralised machinery, the country should be divided into four Zones, the Zonal Offices being in Delhi, Bombay, Calcutta and Madras. The Regional Offices may then be renamed as Divisional Offices under the control of the four Zonal Offices. The Chief Executive Officer of the Zonal Office may be designated as Zonal Commissioner, who may be of the same status as the Principal Officer at the Headquarters. He will be assisted by appropriate complement of officers and staff. We have not indicated an organisational set up for the Zonal Offices and the future Divisional Offices but we believe that with the extension of the field of activity of the Corporation, the creation of this third level may not cause any substantial increase in the administrative expenditure particularly as some of the responsibility of the Headquarters Office will get distributed to the Zonal Offices.

Working procedures

19. With regard to the pattern of staffing and working procedures, the present set up so far as the Local Offices are concerned, does not seem to permit any substantial modification for the reason that the

chief function of the local offices is disbursement of claims and keeping of records connected therewith which inevitably require preponderance of clerical assistance. So far as the claim payments operations are concerned, necessary suggestions to improve quality and speed have already been made elsewhere in this report.

20. In regard to the pattern at the Headquarters Office of the Corporation, we believe that there is ample need and abundant room for improvement. In fact, it is our firm opinion that the entire staff pattern and working methods at the Headquarters need to be radically altered. It has to be realised that the Corporation is essentially a service agency, designated to extend its protection in well-defined contingencies to a sizeable sector of "workers" and that not in the too distinct future, its operations are bound to increase. Quick, efficient and purposeful disposal of work is, therefore, imperative and of utmost importance in the organisation. The working methods and the staff pattern, therefore, need to be re-assessed particularly with an eye on the future needs of the organisation.

21. We observe that the set up at the Headquarters is essentially clerk-oriented. The present working procedures consist of several layers of action—diarising of receipts, stamping, file numbering, noting, drafting, recording inter-branch movements. These are all preliminaries to submission of the file proper towards its upward journey. Clearly, all these are laborious processes which consume a substantial portion of the total time taken in the disposal of a reference. The time dimension of decision-making assumes particular significance in a scheme of social security, for the success in this field depends very largely on the speed and pragmatism of administrative decisions particularly at the Headquarters level. We have no hesitation in saying that timely and speedy action becomes here more important than exactitude and meticulousness.

22. We were glad to find that there has been progressive decentralisation of functions and delegation of powers during the last few years. Even so, we feel there is scope for decentralising the "service" element almost completely. Far too many matters of routine character, considerable number of reports and returns and several other items involving only factual information pass from the local offices to the Regional office and from the latter to the Headquarters. Many of these would be found to be certainly redundant or of little practical value. We feel that there should be a clear declaration of policy whereby local offices and Regional offices should be assigned clear, well-defined responsibilities, on which decision-making should be entirely the task of the officers concerned in the Regional Office and the local offices. Any unnecessary reference to the higher office, smacking of evasion of responsibility, and a tendency at buck-passing or easy way of doing things should be positively disfavoured and discouraged.

23. The set up and the staffing and working methods at the Headquarters must be systematised and carefully re-planned to meet the peculiar needs of the social security approach to problems. There is

no merit in imitating the customary government procedures and practices. The methods and practices of government departments are completely unsuited to the Corporation's working.

24. The process of examination and disposal should be as simple and direct as possible, the principal aim being speed and quality of work. The preponderance of clerical assistance at the Headquarters mars the speed and quality of work. Matters coming up to the Headquarters from the Regional Offices or other sources are usually such as cannot be settled easily at the Regional Offices or local offices and are important enough to receive consideration and treatment at the hands of senior officers at the Headquarters. Most of these matters may have an All India application. Obviously, such references cannot be satisfactorily comprehended by officials in the cadre of lower division clerks, upper division clerks, or assistants, nor can officials at this level make any substantial contribution, except perhaps to delay disposal. The decision-making level would require not more than a day or two but the factors that do not directly participate in the process *e.g.* diarising, noting, inter-branch references etc. take a disproportionately long time. This single argument should, in our opinion, suffice to require a thorough overhauling of the staffing pattern at the Headquarters which should be more officer-oriented in keeping with modern thinking on administrative set up. This, however, should be undertaken without resorting to retrenchment of the existing staff. We feel it should be possible to reduce the amount of note-writing and drafting by the clerks so that the handling of receipts begins at the assistant's level and in more important cases, even at the section officer's level, there being an arrangement for past references and precedents, if any, being made available to section officers. Excessive notings should be done away with. Noting, we find, has become a routine and a ritual even when the decision requires no discussion of precedents and the policy is well-settled and defined. There is no merit in piling up notings on the file just for protecting positions and decisions against possible future criticism. The danger of error cannot be eliminated altogether; some irreducible minimum error is always expected and allowed for but this should not be allowed to become a cause of wasteful notings. It would then be possible to lay down specific time-limit for disposal of receipts, particularly matters connected with payment of benefits. No file should ordinarily pass through more than three hands. If a decision has to be taken at the level of a Principal Officer, the initial examination of the reference may be by the section officer. Officers should be required to do more original work and clerical assistance need be provided mainly for connecting relevant files, precedents and references. This would enable a case to be given decisive treatment in the shortest possible time eliminating the present knotty, obscure and protracted procedures.

25. As a corollary to the above, we are also of the view that officers who have an aptitude for independent and quick decision-making, and for work connected with policy and planning should be considered particularly fit for the type of work at the Headquarters.

26. A peculiar feature we noticed in the organisational set up of the Headquarters was the provision of a section officer and another junior officer (Assistant Insurance Commissioner or Assistant Medical Commissioner or Deputy Administrative Officer or Assistant Accounts Officer) to supervise the work of each section. This is both unusual and unnecessary. Papers from section officers should pass directly to the deputy Principal Officer. If necessary there may be two or more deputies to assist a Principal Officer. We understand that this is the usual pattern in the Government of India also where an Under Secretary looks after the work of 2 or 3 section officers. We suggest that the Corporation should give this matter serious consideration and the posts of Assistant Commissioners etc. in the Headquarters should be abolished. We are sure this itself will help expeditious disposal of work and will, incidentally, cut down administrative costs.

27. The double file system (note portion and correspondence portion) could, we feel, well be reduced to the minimum. This system may continue as far as policy files and others of a long-term value are concerned. For ordinary references and matters which are to be considered and disposed of on merits without becoming precedent or policies, there seems to be little need for a double file. A single file with succinct notes, if necessary, and orders on the paper under consideration itself, should do; alternatively where necessary, the note-sheet may be appended to important receipts for discussions and orders. Similarly, the system of *de novo* "examination" of inter-Division references at clerical levels should be avoided. A file referred to the other Division for advice should be dealt with at the level equal to or higher than the level at which the reference has come. We also feel that there should be one Central Registry at the Headquarters which would make it unnecessary for papers to be diarised once again in the Branches. The Central Registry would show from day-to-day the particulars of receipts sent over to Branches concerned and this should suffice to serve as a centralised record of receipts in respect of all Branches.

28. In so far as the Regional Offices are concerned, we believe, that even here there should be a larger proportion of staff consisting of personnel in higher grades than is the case at present. Since at the Regional Office, some original work, e.g., collection of contributions, control of inspections, account-keeping and administrative work has to be done, a radical departure from the existing pattern may not be quite possible; even so we believe that here again speed and quality of work would improve if the ratio between the clerical cadre and the senior staff is altered so as to reduce the dependence on clerical assistance as much as possible. Our observation in para 27 regarding the double file system, the system of *de-novo* examination of inter-division references at clerical level and the desirability of maintaining one central registry, equally apply to the Regional Offices. The set-up at the top should consist of a Regional Director assisted by a Deputy of an appropriate status and such number of Branch Officers (Deputy Regional Director/ Assistant Regional Directors) as may be considered necessary.

29. The Regional Offices, as has been mentioned above, are responsible for control over the local offices and for supervision of their work. The supervision is exercised by means of periodical returns and physical inspections by the Regional Directors and other senior officers of the Regional Offices. There is, however, no set machinery for a systematic survey of the work of the local offices. We suggest that in each Regional Office, there should be a distinct survey branch under the control of an officer of the rank of a Deputy or an Assistant Regional Director. This branch should arrange a periodical survey of each local office in the region by a team of officers the chief of which should be of a status equal to or higher than that of the local office manager whose work is to be inspected. The team may consist of two or more officers as may be considered necessary in a particular case. The team should spend 3 or 4 days, depending on the size of the local office to be inspected, and study every aspect of the working of the local office, both administrative and technical. They should particularly examine complaints from the beneficiaries, the reports of the internal audit and matters brought up before the local committees. The survey team should make a formal report to the Regional Director, a copy of which should be sent to the local office manager for his observations and immediate action wherever necessary. This will improve the tone of work in the local offices and enable the Regional Director to keep an effective watch over the field operations.

Staff complements for the local offices

30. The work-load in the local offices will always be increasing due to continuous increase in the number of insured persons. It is, therefore, necessary that a proper scientific system of staff requirement is evolved. We suggest that the local offices should send through their Regional Office a periodical return of the items of work attended to. These returns should be consolidated at the Headquarters and based on the estimated time involved for each operation, total requirement of staff complement for the Region may be worked out once at the end of each year. The Regional Director may then be left free to distribute the staff to the local offices on the basis of the work load in each local office. In working out the staff complement, factors such as the number of certificates received, the number of claims paid, the number of insured persons, the number of employers, the dispersal of employers in the local office area, the number of subordinate offices and so on, should be taken into account. Mention may, however, be made of the recommendations made earlier to replace benefit files by ledgers and of the proposed amendments to the contribution and benefit structure in the Act. Both these should enable substantial reduction in clerical staff required in the local offices and for internal audit of payments and dependence on record sorters and other Class IV staff. The Corporation should give early attention to and ensure all possible economy in administrative costs flowing from the change and simplification of procedures.

Provision of office accommodation and equipment

31. During our visits to Employees' State Insurance installations, we noticed that most local offices were housed in premises which have been improvised for the purpose. In many of them the space available was neither adequate nor entirely suitable for the business to be conducted. The equipment, particularly the steel cabinets for storage of benefit files and contribution cards etc., was not sufficient in most of the offices. The records which have been weeded out from the current run but which are needed for reference and, therefore, cannot be destroyed also needs to be kept in proper filing racks. It was distressing to see that in most offices records were lying helter skelter all over the place. The Regional Directors should carefully work out their requirements of the filing equipment and ensure their provision to the local offices. The records which are not required should be weeded out so that they do not occupy valuable filing space.

32. The Corporation has plans for construction of Regional Offices and local offices. The execution of this plan is, however, extremely slow and needs expedition.

Staff quarters

33. The Employees' State Insurance Corporation service is an All-India service. Staff and officers are transferred from one State to the other and within the State from one place to the other. The mobility of the staff is greatly hampered because of the shortage of living accommodation in most places where the Employees' State Insurance Corporation have set up their offices. The construction of staff quarters and pending the construction, the arrangement for hiring building for letting out to the staff should be given due attention. Wherever we have gone, we have heard complaints from the members of the staff of the Corporation regarding the lack of attention to this most important amenity for staff welfare. Senior officers, including the Regional Directors, are particularly bitter on this count. We think that this is a matter which merits urgent and careful attention of the Corporation.

Pay and allowances

34. Our discussions with the employees of the Employees' State Insurance Corporation at different places has left an impression in our mind that there is some discontentment among them in the matter of their service conditions. It is imperative that for the success of the scheme the Corporation has full and whole-hearted co-operation of the staff. The employees naturally look forward to improvement in their emoluments commensurate with their responsibilities. The officers seem to be particularly sore on lack of sufficient avenues of promotion and lack of immediate monetary benefit even on promotion due to overlapping scales of pay. We would advise the Corporation to settle these matters in consultation with the organisations of their employees. We have no doubt that the Corporation will give due consideration to all these matters.

Recruitment

35. On the question of direct recruitment, we suggest that the usual pattern of direct recruitment at the lowest level of Class I service should be adopted. With a view to ensure steady flow of new blood in the organisation 75% of posts at the lowest Class I level (Assistant Insurance Commissioners, Deputy Regional Directors etc.) should be from outside and 25% by departmental promotion. Higher posts should be filled 100% by departmental promotion.

36. The Employees' State Insurance Act provides that every appointment carrying a maximum pay of Rs. 500 and above shall be made in consultation with the Union Public Service Commission. This provision is proposed to be amended by the Employees' State Insurance (Amendment) Bill, 1965. The amendment suggested is that all posts corresponding to Class I or Class II posts in the Central Government shall be filled up in consultation with the Union Public Service Commission. The Employees' State Insurance Corporation is entrusted with the task of implementing and executing the scheme of social security which requires specialised type of personnel. This can only be possible if there is a special selection board and recruitment is not always made through the Union Public Service Commission. It is mainly for this reason that most of the public sector undertakings have their own Service Selection Boards. Apart from this, selection through the Union Public Service Commission takes considerable time and at times, it may not be possible to get the staff needed which may even result into delay in extension or implementation of the scheme. We, therefore, recommend that the provision in this regard should be amended. The Corporation should be free to recruit its staff through its own Service Selection Board.

Administrative expenditure

37. The administrative expenses of the Employees' State Insurance Corporation during the past three years, as a percentage of its contribution income have ranged between 12.1% in 1961-62 and 10.23% in 1963-64. We think that there is scope for economy in administration. One reason for the high cost is the inviability of a large number of centres as we have mentioned earlier in this report. Where the coverage is small, overheads are bound to be high and overall cost more than the average. Staff complements is another item which needs constant and careful study. While it is easy to recognise shortages of staff, as arrears accumulate, the redundancy of staff is difficult to detect. Efforts should be made to obtain maximum results with the minimum of labour and expense. The officers of the Corporation, particularly at the middle and lower levels, and those deployed in the field must be oriented towards needs for economy in administrative expenditure. One of the items on which we would particularly like to comment, is the tendency in the Corporation, as indeed in all government organisations, to duplicate nearly every step in the process of work by providing for 100% checking. While certain processes do require checking of the original

operation, most others need not be duplicated. There are generally triangular and automatic checks available which should serve the purpose adequately. In most social security schemes, no operation is duplicated and this saves a tremendous amount of manpower and cost. Institution of internal audit is another item which may be carefully reviewed to rationalise the work and to reduce the quantum of staff deployed thereon. The re-organisation of the Headquarters the Regional Offices and Local Offices and constant review by O. & M. studies mentioned earlier should assist in substantial reduction in administrative expenses.



CHAPTER XVI

COMPREHENSIVE SCHEME OF SOCIAL SECURITY

While discussing cash benefits, we indicated the need for providing economic security against risks which are not presently covered either by the Employees' State Insurance Scheme or by the Provident Fund Organisation. The Convention on Minimum Standards of Social Security adopted by the International Labour Organisation in the year 1952, refers to nine branches of social security, namely, medical care, sickness benefit, unemployment benefit, old-age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit and survivors benefit. Provision has been made through the Employees' State Insurance Act to provide for medical care, sickness benefit, maternity benefit and employment injury benefit and through the Employees' Provident Fund to make provision for accumulation of funds, during the period of active employment, for old-age. There is no provision yet for unemployment benefit, except in the form of retrenchment and lay-off compensation as provided under the Industrial Disputes Act. Family allowances, invalidity benefit in case of invalidity arising outside employment and survivorship benefit to provide for the widow and orphan children in the event of the death of the bread-winner outside employment have not also been provided for. It is generally recognised that the provision of provident funds is not a satisfactory substitute for a scheme of retirement pensions and that the contingencies which are not at present provided for cannot be left out indefinitely. In fact, plans are already under consideration for the introduction of limited schemes of unemployment insurance and old-age pensions. While this may not be an appropriate place to consider the details of the proposed measures, we wish to caution against any haphazard and unplanned growth, as was the case in many other countries. We should take advantage of a late start, learn from the experience of other countries and plan on the basis of a unified scheme. It would, be wasteful to follow the process of evolution undergone by other countries. In many such countries, it was a historical necessity.

2. This country embarked on the first important measure of social security in 1948, and enacted the Employees' State Insurance Act to provide for medical care and cash benefits in the event of sickness, maternity and employment injury. The legislation was based on the scheme which pre-supposed that no measure of health insurance would be complete and immune from abuse unless there was side by side with it in operation an unemployment insurance scheme and a scheme of old-age pensions. Prof. Adarkar, in fact, proceeded on the assumption that these measures would be available "to keep down the incidence of sickness to the minimum possible and to prevent the scheme from being saddled with burdens legitimately belonging to other aspects of social security".

3. A study of the Report on Social Insurance and Allied Services by Sir William Beveridge shows that the pre-1946 British system of social insurance had many deficiencies and drawbacks. Sir William Beveridge planned to remove these by establishing a unified co-ordinated comprehensive scheme of social insurance. Before the British system of social security was re-organised in 1946, it had a multitude of independent and unco-ordinated schemes. Unemployment insurance, health insurance, widows' and old-age pensions, had been created by separate legislative measures, adopted at different times and administered by different authorities. The main administrative change made in 1946 was the setting up of a separate Ministry of National Insurance which took over unemployment insurance from the Ministry of Labour, health insurance and contributory old-age and widows' pension from the Ministry of Health, and other schemes from other governmental authorities. From the point of view of finance, the main advantage was a reduction in the level of administrative expenditure by cutting down the cost on over-heads and elimination of duplicate processes in a variety of ways. Unification of the administrative machinery has resulted in economical operation, procedural simplification, reduction in litigation and comprehensive protection to insured persons. The beneficiaries have to look to one single authority for redress of their grievances and there is no overlapping in the net-work of protection available. The actual schemes were drawn in a more rational way. The law and regulations for the comprehensive scheme caused less confusion.

Study Group on Social Security

4. In India, there has been, we are glad to say, some useful thinking on this subject. In pursuance of one of the recommendations of labour policy in the Second Five Year Plan to examine the possibility of combining different social security provisions in force in the country into an overall social security scheme, the Government of India, Ministry of Labour and Employment, set up in August, 1957, a Study Group under the Chairmanship of Shri V. K. R. Menon, then Director, International Labour Office, India Branch. The Study Group was to:

- (a) examine the experience gained by the working of the existing social security schemes;
- (b) study how the schemes and any other privileges given to workers could be combined in a comprehensive social security scheme;
- (c) work out the administrative details of such an integrated scheme;
- (d) examine whether, without any appreciable increase in the total liability of employers and workers, additional advantages can be given to the working class; and
- (e) examine and make recommendations regarding conversion, wholly or partly, of the present provident fund into suitable pension scheme as envisaged in the Second Five Year Plan.

5. The Group submitted its Report in December, 1958. Their main recommendations were :

- (i) Establishment of a single agency which should, as a first step, assume administrative responsibility for Employees' State Insurance Act, Employees' Provident Funds Act, Coal Mines Provident Fund and Bonus Schemes Act and Assam Tea Plantations Provident Fund Scheme Act ;
- (ii) Enhancement of cash benefits and improvement in the standard of medical care under the Employees' State Insurance Scheme, including provision of hospital facilities for families of workers ;
- (iii) Conversion of the existing provident funds into a pension-cum-gratuity scheme ; and
- (iv) Increase of employers' contribution under the Employees State Insurance Act to the maximum level i.e., 4.2/3% of the wage bill and enhancement of employers' and workers' contribution under the Provident Fund Schemes from 6¼% to 8.1/3%.

6. The Report discussed the feasibility of the integrated scheme and gave a brief outline thereof indicating the types and quantum of benefits which would be available after the integration of the Employees' State Insurance and Provident Funds. The financial structure of the proposed integrated scheme was based on detailed actuarial data which also formed a part of the Report. The Study Group held the view that integration of two or more schemes would be justified only if it fulfilled one or other of the two main tests, namely, substantial economy in the expenditure or added convenience to the parties. While the Group recognised that reduction in over-head costs, elimination of duplication in the inspectorate and supervisory posts and reduction in administrative offices would lead to economy, they thought that there might be a corresponding overall increase in administrative costs on conversion of provident fund into a pension scheme which would involve handling of more than twenty times the number of individual transactions than at present. It was pointed out that the economy effected by integration of work at local offices may well be offset by the need for opening more local offices for the convenience of the very large number of persons to be catered to for pensionary benefits.

7. We do not subscribe to the view expressed by the Study Group. In considering the question of economy in administrative costs, the comparison has to be made of the cost of administration in the two existing organisations with the cost of administration in the integrated organisation, assuming that there is no change in the benefit structure. The conversion of provident fund into a pension scheme would, in any case, have involved a huge outlay on setting up of a net-work of local offices all over the country and on provision of necessary administrative machinery. This should not be considered as an item off-setting the economy which would be effected otherwise by merger of the two organisations. We feel, therefore, that the economy in administrative

costs is bound to flow from an administrative merger of the two organisations. As regards the other consideration, namely, added convenience to the parties, the Group was satisfied that both employers and workers would find it more convenient to deal with a single administrative agency and inspectorate and supervisory staff if the schemes were unified. We agree with that view.

8. The Study Group has also recommended that to enable the single agency to administer the two schemes satisfactorily, it is desirable that the coverage under the two enactments should be identical as far as practicable and the Group recommended that this might be done in stages by a prescribed target date. They also suggested that with a view to enable this to be done, the provision in the Employees' Provident Fund Act under which newly established factories were exempted from its provisions for the first three years should be deleted.

9. The Study Group further recommended that with a view to providing reasonable quantum of retirement pension, gratuity and invalidity and survivorship benefits, it was necessary to raise the contributions under the Employees' Provident Fund Scheme from $6\frac{1}{4}\%$ of the wages to $8\frac{1}{3}\%$. Similarly, in order to improve the medical and other benefits under the Employees' State Insurance Scheme and to enable the Corporation to extend medical benefits to the families of insured persons, the Group suggested immediate raising of the Employers' Contribution to the level prescribed in Schedule I to the Act.

Consideration by the Indian Labour Conference

10. The Report of the Study Group was considered by the State Governments, the Central Government and the organisations of employers and employees. It was also considered in August, 1960, by the Corporation which expressed general agreement with the views of the Group. The Standing Labour Committee of the Indian Labour Conference considered the Report in the same year and came to the conclusion that the proposal for integrated social security scheme should be implemented during the Third Five Year Plan, subject to such modifications as might become necessary as a result of consultations with employers and workers' organisations. In its Ninetieth Report on the Ministry of Labour and Employment, the Estimates Committee of the Parliament also stated that integration of social security schemes, as recommended by the Study Group, would lead to two-fold advantages of laying the foundation of comprehensive social security scheme and reducing the over-head cost of the individual schemes. It also suggested its inclusion in the Third Five Year Plan. The only dissenting voice was from the Government of Assam who did not favour the inclusion of the Assam Tea Plantations Provident Fund in the integrated scheme.

11. The Report of the Study Group was considered by the Indian Labour Conference in their Nineteenth Session in September, 1961. The views expressed thereon by the State Governments, by the employers' organisations and by the workers' organisations were also considered. The major difficulty felt at that time was with regard to the

additional burden on the industry, consequent on the enhancement of the rates of contribution from $6\frac{1}{4}\%$ to $8\frac{1}{3}\%$. The employers' organisations also stated that there might be practical difficulties in making pensionary payments owing to the migratory character of a large section of industrial labour. The workers' organisations expressed doubt regarding the advisability of adopting the pension-cum-gratuity scheme in place of the provident fund. A suggestion was made that the workers might be given an option to choose what type of benefits they would prefer as their requirements varied after retirement. The Indian Labour Conference came to the conclusion that the matter might be deferred for consideration at a later stage after the report of the Technical Committee set up to ascertain how far the industries would be able to bear the additional burden, was available.

12. The matter was once again placed before the Standing Labour Committee at its Twentieth Session held in October, 1962. The Report of the Technical Committee referred to above was also by then available. Dispite the Committees' view that the industries which they had examined would be able to bear the additional burden, the employers put up a stiff opposition and it was decided that the conversion of provident fund into a pension scheme and the integration of the Employees' State Insurance with the Provident Funds should be deferred for a period of three years. Meanwhile, no further action was taken on the Report of the Study Group except to the extent of raising the contribution of employers and employees under the Employees' Provident Fund Scheme from $6\frac{1}{4}\%$ to 8% in the case of factories and establishments which employ fifty or more persons.

Integrated Scheme

13. Thus, the seed of the idea to evolve a comprehensive social security scheme, covering, in a single enactment, various risks of cessation of income or wage loss to which a wage-earner is exposed, has already been sown and planning can and should now proceed on this basis. We are aware that it is argued that the benefits conferred by the Employees' State Insurance Scheme, which are essentially a provision against short-term risks like sickness, temporary disability and maternity, have nothing in common with the long-term benefits which are payable in the form of life pensions to the insured persons or to their survivors. The short-term benefits, it is stated, depend on the contributory record of the insured person over a comparatively short period; for title to pensionary benefits, on the other hand, life-time record of each insured person has to be maintained. The two schemes, therefore, according to this view, require different administrative techniques. Another argument advanced against the integrated system is the danger of the funds collected for payment of long-term benefits being utilised for augmentation of or improvements in short-term benefits. Particular reference has been made to benefits in kind *i.e.*, provision of medical care facilities for the insured persons and their families. The expectation of the beneficiaries in this respect can never be completely met. There is no limit to the possible improvement in the

standard of medical benefits, whether it is in the nature of provision of better out-door treatment or more and costly medicament, or more adequate arrangement for indoor treatment, or by way of general health and welfare measures. It was feared that the Corporation might succumb to demands for improvement in medical care facilities and may unwittingly draw on funds which do not legitimately belong to the health insurance part of the Integrated Scheme.

14. We have given careful consideration to the objections enumerated above. We agree that the short-term benefits and the long-term benefits need different techniques in the matter of maintenance of records etc., but we feel that with minor modifications in the form of the benefit file, it should be possible, without much difficulty, to maintain a long-term contribution history and benefit record of the insured persons. We have suggested elsewhere adoption of ledger system instead of keeping individual records on benefit files. This itself will facilitate maintenance of contributory record for pension purposes. The Employees' Provident Fund Organisation does not have any local offices at present. Once the Provident Fund is converted into a pensionary scheme, arrangements will have to be made to pay monthly pensions to millions of beneficiaries all over the country and this can be done only through a net-work of local offices. The Employees' State Insurance Corporation has at present about 370 local and sub-local offices spread all over the country. More local offices will be opened as the Employees' State Insurance Scheme is extended to other areas, and as and when it covers other sectors of the working class. These local offices, with a relatively moderate increase in the staff strength and equipment etc., should be able to take much of the load of the pensionary schemes. This feature alone will justify integration of the two Schemes, as otherwise the administrative costs might diminish funds which should, in an integrated scheme, be available for payment of benefits to the insured persons. As regards the fear that the funds meant for long-term benefits might be utilised for the health insurance scheme, this can be guarded against by providing in the legislation itself that the funds for the two types of schemes would be kept separate. There must be a provision for maintenance of separate accounts and separate reserves for the two schemes. We agree that there should be no mixing up of funds. The contributions may be received in a single combined payment but the respective share should be credited to the two accounts.

15. As has been mentioned earlier, the thinking all over the world is in favour of evolving a unified comprehensive scheme. The countries which have not been able to do so for historical reasons, are now finding it difficult to merge their schemes into an integrated whole because the individual schemes have developed to a stage where amalgamation with the other schemes has become a complex administrative process. As an instance, we may mention the experience of Japan. There are a number of schemes providing for one or the other benefit, to the citizens. The separate development of each of these schemes has led to substantial amount of duplication and, perhaps, confusion both for the administrators as also for the beneficiaries. During a recent

study made by an officer of the Employees' State Insurance Corporation in Japan, he was advised that if India had as its goal a comprehensive scheme of social security, it should start moving in that direction right now. Once the schemes have been developed independently, it may become, as indeed it has become in Japan, difficult to attempt unification at a later stage.

Difficulties in integration

16. Having discussed in some detail the desirability of evolving a unified scheme under a unified control, we may, perhaps, also consider the practical implications of the suggestion in the Report of the Study Group for merger of the Employees' State Insurance Scheme, and the Provident Fund Organisations which has already been accepted, in principle, by the parties concerned.

17. Since the submission of the Report by the Study Group in 1958, several changes have taken place in the statute governing the Employees' Provident Fund. The Scheme has now been extended to establishments employing twenty or more persons. The coverage has been extended to include as many as 101 industries as against thirty-two in 1957-58; the rate of contribution has been increased from 6½% to 8% in case of those establishments which employ fifty or more persons. The period during which the provisions of the Employees' Provident Fund Act are not applicable to newly established factories has been extended from three years to five years in the case of units employing between twenty and fifty employees. The recommendation of the Study Group to drop the provision for exemption to newly established factories has not been accepted by the employers' organisations and by some of the State Governments.

18. The other important aspect to be noted in so far as the scope and coverage under the two Acts are concerned, are:

- (a) The term "employee" under the Employees' State Insurance Act covers all persons employed for wages on work in connection with the work of the factory or establishment, whether permanent, temporary, casual or substitute, and there is no qualifying period for entry into insurance. On the other hand, an employee is covered under the Provident Fund Act only if he has completed one year's continuous service or has worked for a period of not less than 240 days during the twelve months preceding the date of entry into the Scheme;
- (b) The Employees' State Insurance Scheme covers only manufacturing industries at present; on the other hand the Provident Fund Scheme covers both manufacturing and non-manufacturing establishments;
- (c) The income ceiling for coverage under the Employees' State Insurance Act is Rs. 400 per month—proposed to be raised to Rs. 500 per month by the Employees' State Insurance (Amendment) Bill; the corresponding ceiling under the Employees' Provident Fund Act is Rs. 1,000. We have recommended the

lifting of the ceiling to Rs. 1,000 per month, as in the case of Provident Fund Scheme ;

- (d) The extension under the Employees' State Insurance Scheme is on geographical basis, all "factories" to which the Act applies being covered in an area where the Scheme has been extended ; on the other hand, the extension under the Employee's Provident Fund is industry-wise. An establishment belonging to a particular industry to which the Scheme applies is covered under the Provident Fund Scheme no matter where the establishment is situated.

19. The differences in scope and coverage under the two enactments have been accentuated by the extension of the Employees' Provident Fund Act to a large number of non-industrial units which are, for reasons of limited physical resources, not likely to be covered under the Employees' State Insurance Act for some time to come. The manner in which the two schemes are extended, one, industry-wise and the other, geographically, is also causing large gaps. The Employees' Provident Fund Act covered on 31st March, 1965, 29,578 establishments with 42,09,116 subscribers. 1834 establishments with 15,84,751 subscribers had been exempted on grounds of equally good provident fund and gratuity schemes. A significant number of establishments have been exempted under the provisions of exemption to newly-established industries. The Employees' State Insurance Act on the same date covered 13,100 factories employing 28,80,400 workers. While it may be difficult to estimate correctly the number likely to be covered by both enactments without a detailed analysis, the figure is likely to be substantially less than the present coverage under the Employees' State Insurance Scheme. There will, therefore, be persons covered by :

- (a) only the Employees' State Insurance Act ;
- (b) only the Employees' Provident Fund Act ;
- (c) both the Employees' State Insurance Act and the Employees' Provident Fund Act.

Re-examination

20. Mere extension of the scope of one or the other Act will not make the coverage identical. It will be necessary to examine the position from all aspects with a view to drawing out a common basis for coverage under the comprehensive scheme. A great deal of adjustment and thinking will be necessary in consultation with all interests concerned, before it is possible to evolve a common formula, acceptable to every body. The Provident Fund Scheme is comparatively simpler to extend. So long as wages are paid, a machinery can be devised to collect contributions towards the Provident Fund. The Employees' State Insurance Scheme, on the other hand, depends largely on the availability of physical resources in the matter of medical and para-medical staff, equipment, arrangement for out-door treatment and hospital beds for indoor treatment. These services are not only in short supply but their

establishment also requires good deal of planning and time. The extension under the health insurance scheme, which involves various authorities has, therefore, necessarily to be slow and deliberate. There is, therefore, bound to be some time lag for a completely identical coverage under the two schemes. This need not, however, deter action to be initiated forthwith to bring about an administrative merger of the two schemes. We recommend that steps should be taken to examine the problem in all its details and to accomplish this with the least delay.

Review of the Study Group Scheme

21. In addition, it will be necessary to review the integrated scheme suggested by the Study Group both with regard to its contents and quantum of benefits suggested. The Study Group has recommended merger of not only the Employees' Provident Fund but also the Coal Mines Provident Fund and the Assam Tea Plantations Provident Fund with the Employees' State Insurance Scheme. We have discussed in an earlier Chapter the desirability of deferring, for the time being, the proposal to extend Employees' State Insurance Scheme to coal mine workers and to plantations. We have suggested a phased programme. We would, therefore, suggest postponement of the merger of these two organisations with the Employees' State Insurance for the time being.

22. The Scheme suggested by the Study Group contains provisions for retirement benefits, gratuity, and survivorship benefits but the manner and method of calculating the quantum of benefit is rather complicated. It will be necessary to revise the Scheme at this stage itself to make it simple both for those who have to administer it and for those who have to benefit by it. As mentioned earlier, the Employees' State Insurance Act is proposed to be amended to make its contribution and benefit structure simpler. The same considerations apply to the pension scheme. The cost of the Scheme will also have to be worked out afresh on the basis of the latest available mortality tables and the expected yield on investments in the future.

23. We, therefore, suggest that the Government should in consultation with the Indian Labour Conference, set up an expert machinery to evolve a "blue print" for a comprehensive scheme of social security. The scheme should not only ensure merger of the Employees' State Insurance and the Provident Funds and the conversion of the latter into pensionary benefits, but should also form a strong financial and administrative base for inclusion of benefits which are at present not available.

ACKNOWLEDGEMENTS

We should like to express our thanks to Government of India, Ministry of Labour and Employment and the Department of Social Security in the Ministry of Law & Social Security, the State Governments and the Employees' State Insurance Corporation for the valuable assistance rendered to us in our task. We also thank the organisations of employers, workers, medical profession, chambers of commerce and other associations and unions, technicians belonging to other professions, research scholars, and officers and staff of the Employees' State Insurance Corporation and the State Governments who assisted us in our work by replying to our Questionnaire, submitting memoranda and also giving oral evidence before us.

2. We are also indebted to Shri V. N. Rajan, I.C.S., Director General, Employees' State Insurance Corporation, who made available to us the benefit of his experience and placed at our disposal all the necessary information and records required.

3. Our thanks are also due to the Regional Directors and the Administrative Medical Officers who extended their co-operation and provided us an opportunity to visit various E.S.I. offices, hospitals, dispensaries, clinics of the Insurance Medical Practitioners and chemist shops. We are also grateful to Shri G. H. Damle, Assistant Controller of Insurance, who advised us on actuarial and financial matters in the course of our deliberations.

4. The International Labour Office was good enough to arrange for the visit of our Member-Secretary abroad under the U. N. Expanded Programme of Technical Assistance for a first hand study of the social security schemes in operation in the United Kingdom and Libya. To them, we express our special thanks.

5. We wish to express our gratitude to Shri S. K. Wadhawan, our Member-Secretary, who, with his wide experience of the administration of the Employee State Insurance Scheme and knowledge of the working of social security schemes in other countries, produced data and analysed the points of view and suggestions received in response to our Questionnaire. He also marshalled the oral evidence which proved very useful to us in our deliberations. We are also indebted to him for his help in the drafting of the report; it was due to his untiring efforts and organisational ability that we could complete our difficult task.

6. We wish also to place on record our appreciation of the work of the other officers who assisted us ably. Shri B. R. Madan, Research Officer and his team of Investigators, Sarvashri P. P. Chawla, S. S. Panchi and D. R. K. Moorthy have spared no pains in the compilation of data and in the supply of information. Shri T. C. Gupta, Assistant Secretary, was in-charge of the administrative arrangements in Delhi

and during our visits to various centres and helped to make our stay during those visits comfortable.

7. Finally, we desire to express our appreciation of services rendered by the secretariat staff who discharged various functions cheerfully and efficiently. We are aware of the late hours at which they had to work under difficult conditions.

C. R. PATTABHI RAMAN,
Chairman.

R. JAGANATH RAO,
Member.

M. BHAKTAVATSALAM,
Member.

BIJOY SINGH NAHAR,
Member.

SHANTILAL H. SHAH,
Member.

D. C. KOTHARI,
Member.

R. K. PARIKH,
Member.

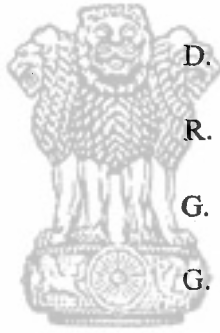
G. V. PURANIK,
Member.

G. RAMANUJAM,
Member.

BAGARAM TULPULE,
Member.

G. V. CHITNIS,
Member.

S. K. WADHAWAN,
Member-Secretary.



NEW DELHI

Dated the 8th February, 1966.



सत्यमेव जयते

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS



सत्यमेव जयते



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SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

CHAPTER III—GROWTH AND DEVELOPMENT OF THE CORPORATION

Slow progress of implementation

1. The delay in the progress of the implementation of the ESI Scheme was largely due to lack of sufficient enthusiasm on the part of some of the State Governments. Difficulties regarding the acquisition of suitable premises for the dispensaries, the arrangement for medical and para-medical personnel, procuring of equipment, making arrangement with the hospitals for indoor treatment, and settling of terms with the panel doctors, could have been anticipated and steps taken to overcome them. The duality of functions in the State Governments largely added to this delay. (Paragraph 14.)

2. There is a constant lag between the resources of the State Governments in the matter of medical personnel and necessary finances and their responsibilities in regard to the provision of medical benefit to the general public. They could not do any better for the insured persons under the scheme which forms only a fraction of the total population of the State. The serious bottleneck in the arrangements for the medical care facilities in the States was the inadequacy of hospitals and specialists' services. (Paragraph 17.)

Complaints and suggestions

3. In a nation-wide scheme of the magnitude and the size of the Employees' State Insurance Scheme, complaints and criticism from various sources had to be expected. It must be said to the credit of the organisation that the Corporation has been taking notice of all complaints, criticism and suggestions and they have tried to solve and smoothen out as many of these as possible by means of administrative instructions and amendments to the Regulations. (Paragraph 23.)

4. The Corporation had to build up an organisation for which there was not much previous experience. By and large it has performed this difficult task well. (Paragraph 24.)

CHAPTER IV—SCOPE OF COVERAGE UNDER THE E.S.I. ACT

Extension of coverage

5. Priority must be given to extending the Scheme to those groups of workers who have no protection at all at present rather than trying to cover those sectors which have some measure of protection even if it is not quite adequate. (Paragraph 9.)

6. The limitations of resources and personnel particularly in the medical field as well as administrative difficulties in enforcing the

provisions will not permit immediate extension of the Scheme to very small establishments. However, the Scheme should immediately cover all factories as defined in the Factories Act, 1948. (Paragraph 10.)

Extension to mines

7. The extension of the E.S.I. Scheme to cover mines would in effect mean shifting of the part of the responsibility for providing medical benefits from the employers to the colliery workers. The dispersal of the collieries in outlying areas and absence of concentration of workers in large numbers in any one area call for a specialised organisation to deal with their special problems. The mines should not for the present be included in the purview of the E.S.I. Act. The possibility of schemes for joint hospitals and dispensaries in sparse areas so that both those insured under the Employees' State Insurance Scheme and those entitled to benefit under the Mines Welfare Fund may be able to get adequate standard of medical relief, is however not discounted. (Paragraph 16.)

Extension to plantations

8. Plantations by their very nature have to be in sparse areas away from the cities. The medical facilities have largely to be on the wheels and the provision for medical personnel and ancillary staff has to be much more liberal. A large bulk of plantation labour will be exempted from payment of employees' contribution because of low rates of wages. Extension of the Act to plantation labour at this stage is, therefore, bound to make serious inroads into the funds of the Corporation. The Corporation should not enter this new field of activity immediately. The position might be reviewed after a period of about five years in the light of the development and resources of the Corporation at that time. (Paragraph 17.)

Priorities

9. The extension of the Scheme may follow progressively the following order in the next ten years or so :

(a) Immediately

- (i) Factories using power and employing ten or more persons; factories not using power employing twenty or more persons.
- (ii) Running staff of road transport undertakings not at present covered.

(b) During the Fourth Five Year Plan Period

- (i) All factories whether or not using power employing ten or more persons ;
- (ii) Shops and Commercial establishments employing ten or more persons ;
- (iii) Trade and Commerce employing ten or more persons.

(c) Thereafter

- (i) All undertakings under (b) above employing five or more persons ;
- (ii) Mines and plantations employing ten or more persons whether or not power is used. (Paragraph 18.)

10. Power of extension of the scheme under Section I(5) of the Act should rest with the Central Government which should, of course, consult the State Governments concerned before issue of the notification. (Paragraph 18.)

Exemptions

11. The provisions in the Act for grant of exemption should be tightened and exemption may be given only in exceptional circumstances when the prevailing benefits are superior on an overall assessment to those that could be provided under the Scheme, and the employees themselves desire exemption. No distinction should be made between private sector and public sector in the grant of exemptions. (Paragraph 23.)

Enlargement of the scope of the term 'employee'

12. The definition of the term 'employee' must be such as to bring in all classes of employees in a factory, except those above a certain wage ceiling. (Paragraph 24.)

Relief for clerical employees

13. It would be undesirable to prescribe a relief or diminution in contribution in case of class of employees not so much exposed to the risk of employment injury as that would amount to matching of the components of the contribution to each risk. (Paragraph 25.)

Wage ceiling

14. The wage limit for coverage of an employee should, in the first instance, be raised to Rs. 1,000 per month. A provision should also be made for giving the Central Government powers to raise the wage ceiling from time to time. (Paragraph 27.)

Coverage of casual, temporary and badli workers

15. It would be a retrograde step to exclude from the Scheme the large number of persons working as casual, temporary and badli workers. (Paragraph 29.)

16. It would not be desirable to specify any minimum period of continuous employment for coverage of an employee. (Paragraph 30.)

CHAPTER V—CONTRIBUTIONS

Transitional provisions

17. The transitional provisions which were introduced as a short term arrangement cannot be continued for an indefinite period. These should be dropped and the contribution should be collected as per Schedule I to the Act. (Paragraph 8.)

Freezing of Contribution and benefit rates

18. There should be a freezing of contribution and benefit rates at the present maximum rates and no further wage group need be added with the raising of the wage ceiling to Rs. 1,000. (Paragraph 10.)

Exemption limit for payment of Employees' contribution

19. In order to give relief to low paid employees, raising of the wage limit to Rs. 2 per day is recommended for exemption from payment of employees' contribution immediately with a provision for review of the position at the time of the next valuation.* (Paragraph 11.)

Contribution stamp system

20. The present system of collection of contribution through contribution stamps should not be given up. Nevertheless, the search for a simpler system should continue and the O & M Division of the Corporation should concentrate on it. (Paragraph 12.)

Return of contribution cards

21. The Return of Contribution Cards should be sent by the employer in triplicate. (Paragraph 15.)

System of calculation of contributions

22. Amendments in the Contribution and Benefit schedule as proposed are a considerable improvement over the present position and also over the percentage method of calculating the rate of contributions. No change is, therefore, suggested in the system of calculation of contributions. (Paragraph 17.)

Chalan Form for purchase of contribution stamps

23. One copy of Chalan Form should be returned to the employer for his record in case of purchase of contribution stamps. (Paragraph 18.)

Abolition of sets

24. The system of dividing the insured persons in three sets 'A', 'B' and 'C' may be abolished. (Paragraph 19.)

*Please see note of dissent.

Fixation of unit for payment of contribution

25. Another contribution table may be added in the Act to provide for payment of contributions on monthly basis in cases where the wage period is a month. Corresponding changes may be made in the contributory conditions for title to benefit. (Paragraph 20.)

Limitations for recovery of contributions from employers

26. There should be a reasonable period of limitation for recovery of contributions payable by the employer. The provision of three years period for this purpose as proposed in the Amendment Bill would be adequate. (Paragraph 21.)

Transfer of liability for payment of contributions on transfer of ownership

27. It should be possible to provide in the E.S.I. Act that the liability to pay arrears of contributions, if any, passes on to the transferee along with the transfer of ownership of the factory. (Paragraph 22.)

CHAPTER VI—CASH BENEFITS

Lumpsum payment of permanent disablement benefit

28. It should be provided in the Act itself that payment of permanent disablement benefit shall be made in the form of a lumpsum if the rate of benefit is less than 50 Paise a day. (Paragraph 9.)

29. Appropriate provision may be made in the Regulations to the effect that Medical Board may also certify the correctness of the age declared by the insured person at the time of assessment of the extent of loss of earning capacity, which will operate in the absence of adequate proof of age. (Paragraph 10.)

Rate of sickness benefit

30. No change in the present quantum of sickness benefit rate is recommended. (Paragraph 15.)

Reduction in the sickness benefit rate during hospitalisation

31. It would not be a proper step to reduce the rate of sickness benefit of an insured person while he is undergoing treatment as an indoor patient in a hospital. (Paragraph 15.)

Maximum duration of sickness benefit

32. Duration of sickness benefit should be increased from 56 days to 13 weeks (91 days) as a first step with an ultimate objective to increase the maximum duration to 26 weeks. (Paragraph 15.)

Qualifying conditions for extended sickness benefit

33. The qualifying period for extended sickness benefit should be reduced from two years to one and a half years. An insured person

who has qualified in any of the three contribution periods during the previous four consecutive contribution periods, should be eligible for extended sickness benefit. The extended benefit may be allowed for the second and subsequent spells if there is an interval of not less than twelve months after the termination of the previous spell and the insured person has qualified for sickness benefit in the intervening contribution periods. (Paragraphs 16 and 17.)

Increase in rate of employment injury benefit

34. The rate of employment injury benefit should be 30% over and above the sickness benefit rate. (Paragraph 18.)

Expert Committee to review the schedule pertaining to assessment of loss of earning capacity

35. An expert committee should be appointed to review the schedule on which the assessment of the percentage of loss of earning capacity for purposes of permanent disablement is based and to make suitable recommendations taking into account the practice in other countries. A certain degree of discretion must be given to the Medical Boards in assessing cases involving combination of injuries and non-schedule injuries. (Paragraph 19.)

Grant-in-aid to Safety Associations

36. The E.S.I. Corporation should actively associate with the National Safety Council for the setting up of which the President's Conference on Industrial Safety held in New Delhi recently has made certain proposals. (Paragraph 22.)

Review of rates of certain benefits

37. There should be quinquennial review of the rates of permanent disablement benefit and dependents' benefit at the time of the valuation. The increase should neutralise the rise in the working class cost of living. (Paragraph 23.)

Provision of waiting period

38. The provision of waiting period in case of sickness benefit is based on sound principles and no alternation in this provision is suggested.

There is no particular objection to making the waiting period conditional on an insured person being certified sick for a continued period of three weeks, and paying the benefit from the very first day once he crosses the limit laid down except that this may increase administrative work and perhaps, also the cost. The Corporation may in due course examine by reference to the actual number of cases where the spells of sickness last for three weeks and more and the financial implications of the proposal.* (Paragraphs 26 & 27.)

*Please see note of dissent.

Provision of Death Grant

39. Death Grant is another useful suggestion for consideration as an additional benefit under the Scheme in course of time. (Paragraph 29.)

Invalidity and survivorship pensions

40. There is need for provision of invalidity and survivorship pensions. The better course would be to tag them on to the old age pension scheme when it comes. (Paragraph 30.)

Increase in absenteeism

41. There is no evidence to show that absenteeism in industry has shown a significant increase after the introduction of the ESI Scheme or that there has been malingering on a large scale. (Paragraph 32.)

No Claim Bonus

42. No claim bonus is not likely to solve the problem of absenteeism. In principle, there may be no objection to a provision for the extension of the maximum duration of benefit in the succeeding year for insured persons who do not claim sickness benefit during a year but this would not be of much benefit. This question may be further examined by the Corporation at a future date. (Paragraph 33.)

CHAPTER VII—DISBURSEMENT OF CASH BENEFITS

Simplification of procedures

43. The present system of claims taking and payment of cash benefits at the Local Offices is complicated and there is great need for making the procedure simple and straight-forward. (Paragraph 13.)

44. The process of decentralisation should be continued till it is ensured that all matters concerning determination of claims for short term benefits are finally settled at the local office level without reference to the Regional Office except in cases of doubt. The contribution cards should also be received in the local offices and work with regard to exit and re-entry of insured persons should also be done there. There is need for constant vigilance and Organisations and Method study for gradual improvement. (Paragraph 16.)

Review of "No contribution card" cases

45. To ensure prompt payment of benefit there should be a procedure for picking out 'no contribution card' cases immediately after the end of the contribution period. In cases where there is reasonable evidence that the insured person was in employment he should be deemed to have paid contributions even if his contribution card is not received. (Paragraph 19.)

Benefit files and ledger system

46. The benefit file system has not worked well. The loose-leaf ledger system may be more suitable to the conditions in which the

local offices have to work and may eliminate most of the difficulties of the present system. (Paragraph 20.)

“Teller” system

47. To speed up the payments, “Teller” system may be adopted with a machinery to check up claims and post the benefit files/ledger subsequently. The counter clerks may be authorised to make the payment after quick determination of title etc. upto Rs. 25 on the basis of the claim presented by the insured person. Subsequent payments in the same spell, even if exceeding Rs. 25 may also be made by the counter clerk. (Paragraphs 22 & 23.)

Delays in payment of long term benefits

48. Efforts should be made to reduce the time required for award of permanent disablement benefit after the termination of temporary disablement benefit to the minimum by treating such cases as *emergency cases*. Medical Officer Incharge of the case should send his report and recommendations well before the issue of final certificate on receipt of which local office should initiate action immediately. Thereafter the case should proceed from stage to stage on a “High Priority” basis. The arrangements for medical boarding should be made adequate wherever there are deficiencies and no one case should be allowed to wait for more than a few days for placing before the Medical Board. (Paragraph 24.)

Papers for Medical Board

49. Papers for the Medical Board should invariably be scrutinised by the Medical Officer of the Corporation, and should reach the Chairman of the Board at least three days prior to the date of the meeting. The recommendations should also be routed through the Medical Officer in the Regional Office who can advise if an appeal or a review is necessary. (Paragraph 25.)

One Man Medical Board

50. In large industrial areas where the number of insured persons exceed one lakh, there may be two types of Boards, one on which three members sit, to deal with the cases of non-schedule injuries and the other with only one member to deal with the cases of schedule injuries. (Paragraph 26.)

Provisional payment of Permanent Disablement Benefit

51. In cases where the estimated disablement is more than 25% provisional payment upto 75% of the benefit may be made and adjusted later when the award of the Medical Board is available. (Paragraph 27.)

Time limit for payment of benefits

52. The time limits for payment of benefits particularly for maternity benefit, permanent disablement benefit and dependants' benefit are

excessive and should be reduced to fourteen days, one month and three months, respectively. Satisfactory machinery should also be devised to inform the claimant, in the first instance, all that he is required to do. (Paragraph 29.)

Remittance by money order

53. The option for payment by money order should be freely publicised. The local offices should have specific machinery for disposal of applications for remittance by money orders and normally all requests for money orders received on a particular day should be disposed of the same day. (Paragraph 31.)

Refund of benefit paid in excess

54. If there are any impediments in the E.S.I. Act against refund or adjustment of over-drawn payments from future receipts, they should be removed. It should be ensured that intimation regarding excess amount paid is issued within twenty-four hours of payment. (Paragraph 32.)

Alternative evidence of incapacity

55. While it is difficult to suggest that there should be no provision to deal with the exceptional cases where the insured person has necessarily to produce a certificate from the private doctor, there should be an effective machinery for proper check-up of such certificates. (Paragraph 35.)

Working of Sub-Local Offices and Pay Offices

56. While a sub-local office may be economical it is unsatisfactory from the point of view of prompt and efficient service. The sub-local offices should be converted into small size local offices and a junior officer with powers to pass claims for short term benefits should be posted there.

The pay offices, should be replaced by the system of remittance by money orders.

In heavily congested areas payment of cash benefits to employees of large undertakings may be made at the employers premises by sending the cashier there once or twice a week as may be necessary. (Paragraphs 36 to 38.)

CHAPTER VIII—MEDICAL BENEFITS—ADMINISTRATION

Provision of Ayurvedic system of medicine

57. Ayurveda being in great demand in certain areas, it is recommended that sufficient and satisfactory facilities should be made available for ayurvedic treatment. (Paragraph 21).

Responsibility for administration of medical benefits

58. While taking note of the arguments pro and con with regard to the Employees' State Insurance Corporation taking over the administration of medical benefits, it is felt that it would not be expedient to make any radical change in this regard at present. On the other hand, every effort should be made to gear up the machinery set up by State Governments to the needs of the Scheme and to ensure that proper and effective liaison is maintained between the Corporation and the State Governments. For the day-to-day functioning of the medical side of the Scheme the State Governments should have a free hand but they should be answerable to the Corporation for any lapses. The administration of medical benefit may be entrusted to the Corporation wherever the State Government feel that this step would be in the larger interest of the State and the efficient administration of the Scheme. (Paragraph 32.)

Administration of Medical Benefit in Delhi

59. The administration of medical benefits in Delhi where these are administered directly by the Corporation is not very satisfactory. The dispensaries were found in a bad state of repairs. The buildings had not been whitewashed for several years. This was said to be the responsibility of the C.P.W.D. The Corporation is an autonomous body and should make its own arrangements. (Paragraph 35.)

60. Consumption of drugs in Delhi had increased considerably and the dispensaries were running out of stock again and again. Strengthening of inspection machinery is indicated. (Paragraph 35.)

CHAPTER IX—MEDICAL BENEFITS—OUT-DOOR CARE

Doctor-patient relations

61. There is need for an extensive programme of information and education aimed at promoting a better understanding by each side of the difficulties and obligations and rights of the other. Some systematic orientation programmes should be regularly conducted by the Corporation for the IMO/IMPs and other medical personnel. (Paragraphs 3 & 4.)

Inspection

62. The Administrative Medical Officers should function more effectively than at present and they must have adequate inspecting staff to make routine checks and to speedily follow up specific complaints. (Paragraph 4.)

List of medicines

63. There should be only one list of drugs from which the doctors, including specialists, should be required to prescribe. Such a list must be comprehensive enough and must be kept up-to-date by fairly frequent revision. (Paragraph 8.)

Need for training in industrial health

64. Steps should be taken to ensure that doctors working in the Employees' State Insurance Scheme have proper training in the field of industrial health and medicine. (Paragraph 9.)

Domiciliary visits

65. Steps should be taken to educate the insured persons of their rights and it should be deemed a major default if an IMP/IMO fails to pay a domiciliary visit when called upon to do so unless he can show that the call was a frivolous or vexatious one. (Paragraph 12.)

Service system versus Panel system

66. Service system offers better possibilities of giving satisfactory medical service to the insured persons and their families. However, conditions in some centres are such that adoption of the service system may not be possible. In such places the State Governments should give high priority to the setting up of at least a few conveniently located service dispensaries and the insured persons may be given a choice whether to enrol with an IMP or at the service dispensary. This, in course of time, will show whether the insured persons under similar conditions show any clear preference for one or the other. (Paragraphs 17 & 18.)

Steps to make improvements in Panel system

67. It is necessary that early steps are taken to remove the deficiencies that have been noticed in the Panel System. (Paragraph 19.)

Rate of Capitation fee

68. The present capitation fee of Rs. 17.50 per family unit per year is not low and does not need any upward revision at this stage. In areas where capitation fee prescribed at present is only Rs. 13.50 it needs to be revised to make it comparable with the fee paid in other areas. (Paragraphs 20 & 21.)

Inadequacy of number of IPs on the IMP's list

69. Any IMP who fails to have at least 100 insured persons on his list at the end of six months, after his enrolment in the Panel, should be removed from the Panel and similarly in any area which already has more than an adequate number of IMPs for the total number of IPs in the area, no new doctors should be admitted to the Panel. (Paragraph 22.)

Supply of drugs and medicines

70. To meet the extremely unsatisfactory situation in the matter of supply of medicines in the Panel areas the following steps are suggested :

- (i) State Governments should establish several drug depots, conveniently located in each panel area. These depots could be located at Government or Municipal hospitals and dispensaries

as also at other premises already at the disposal of the State Government.

- (ii) The payment of the bills of approved chemists should be speeded up and time limit for payment fixed.
- (iii) Co-operative consumer stores should be encouraged to enter the field of E.S.I. drug distribution.
- (iv) Approved chemists failing to hold adequate stocks should be removed from the list.
- (v) IMPs should not be permitted to be associated with the sale or distribution of drugs, whether in the scheme or outside.
- (vi) No approved chemists shop should be permitted to have any kind of association with any medical practitioner connected with the E.S.I. Scheme.
- (vii) Representatives of the Employees' State Insurance Corporation should be associated with committees dealing with supply, manufacture, distribution and pricing of drugs. (Paragraph 24.)

Inadequacy of Diagnostic Centres

71. (a) The number of diagnostic centres must be increased and they must be brought closer to the insured persons. Rigid time limits should be imposed for various kinds of investigations. Hours of attendance by specialists should also be extended, if necessary, by acquisition of the services of more specialists.

(b) To improve the situation, a Panel of specialists should be created. Group practice by specialists should also be permitted. The diagnostic centres may concentrate on pathological work which may be separated from specialist consultation.

(c) The E.S.I. hospitals should also provide diagnostic and specialist consultation facilities for outdoor insured patients. (Paragraphs 25 & 26.)

Inadequacy of ambulance service

72. There is a glaring inadequacy of ambulance service. E.S.I. authorities should explore the possibilities of getting some firms interested in the manufacture of ambulance bodies on indigenously manufactured chassis. It is recommended that the E.S.I. Corporation should attend to this since State Governments may not be able to do it expeditiously. The importance of proper up-keep and manning of the ambulances available at present is further stressed so that they may be used to the maximum possible extent. (Paragraphs 27 and 28.)

CHAPTER X—MEDICAL BENEFIT : INDOOR MEDICAL CARE AND TREATMENT IN SPECIAL DISEASES

Inadequacy of hospital beds

73. While there has been some progress in hospital construction during the past four years, the position is still far from satisfactory.

beneficiary is deprived of the hospitalisation facility simply because the beds have been made available for the general public. (Paragraph 32.)

CHAPTER XI—MEDICAL BENEFITS—GENERAL

Preventive and restorative care

84. The E.S.I. Scheme should address itself to preventive as well as restorative work and should make adequate plans therefor without delay. (Paragraphs 1 & 3.)

85. The preventive and restorative care may consist of:—

- (i) extensive health education programme for the insured persons and their families ;
- (ii) immunisation of infants and children.
- (iii) preventive campaign against tuberculosis starting with centres and areas where the incidence of T.B. is known to be high among the insured population ;
- (iv) co-ordination of T.B. preventive service with the public health programme. (Paragraphs 5 to 8.)

Analysis of morbidity data

86. The Corporation should have a suitable machinery to analyse the data on abnormal incidence for particular ailments in particular areas and States for necessary follow up. (Paragraph 9.)

Medical check-up of insured persons who suffer frequent spells of sickness

87. All insured persons who suffer from frequent spells of sickness, should be referred to specialists for complete check-up. Any pathological investigations that may be recommended should be carried out and the insured persons should be put on a regimen prescribed by the specialist. (Paragraph 11.)

Family planning

88. The E.S.I. Scheme should pay all possible attention to family planning among the insured persons. The details of the programme should be worked out in collaboration with the family planning units of the respective state governments. (Paragraph 12.)

89. The State Governments should not deny the cash allowance to the insured persons which is being paid to other citizens of the State who undergo sterilization operation. The payment of cash allowance by the Corporation as an incentive to insured persons for undergoing sterilisation operation is not favoured. (Paragraph 13.)

Rehabilitation measures

90. The Corporation should undertake an effective programme of rehabilitation, retraining and re-employment of permanently disabled insured persons and institutional rehabilitation care should be provided.

Every E.S.I. hospital in centres with an insured population of 50,000 family units or more, should have a properly equipped and staffed rehabilitation unit. Besides, there should be established in bigger industrial centres like Bombay and Calcutta, full-fledged medical rehabilitation centres with arrangement for whole day institutional care. (Paragraphs 16 & 21.)

91. The medical training institutes in the country should be encouraged and assisted by the Corporation to provide and extend the facilities for specialised training in rehabilitation work on an adequate scale. (Paragraph 22.)

Health homes and convalescent homes

92. The E.S.I. Scheme need not go in for health homes and convalescent homes for the present. (Paragraph 23.)

Certification by panel doctors

93. For proper certification, the panel doctors should lay down collectively the standards and enforce them through collective action. (Paragraph 34.)

Acceptance of alternative evidence of incapacity

94. An outside certificate submitted by an insured person who has in the past also done so regularly, should be checked upon for genuineness. Similarly, if a particular medical practitioner from a particular place is found to be issuing an unusually large number of certificates, all certificates coming from him should be checked. On the other hand, certificates issued by public hospitals or dispensaries and reputed medical institutions should normally be accepted without question. (Paragraph 37.)

Supervision of medical care facilities

95. An adequate medical inspecting staff should be provided for detailed and day-to-day supervision of medical facilities. Local Medical Officers should be appointed at all the centres which have an insured population of 25,000 or more. (Paragraph 41.)

Incapacity references

96. Administrative machinery for incapacity references and for general supervision should also belong to the State Governments. The work of incapacity references should form part of the duties of the local medical officers. They should not only assist the Administrative Medical Officer in the supervision and inspection of arrangements, but should also attend to incapacity references received from the local offices of the Corporation. (Paragraph 43.)

Programme of information and education

97. The Corporation should give immediate and adequate attention to developing such programmes of information and education calculated to promote healthy attitude among those who are concerned with

the working of the scheme—particularly the insured persons, the doctors and the administering staff. (Paragraph 44.)

Writing of certificates

98. The certificates should continue to be written by the medical officers and this work should not be entrusted to clerks. If, however, any simplification of the certification procedure in other respects is possible, it should certainly be tried. (Paragraph 46.)

Intimation to employers

99. The doctors will find it difficult to send intimation to the employers directly as their patients come from many different establishments and the doctors do not have their addresses. The present practice may be permitted to continue. (Paragraph 47.)

Text of Final certificate

100. The text of Final certificate may be modified as follows :—

“The Insured Person would not require medical treatment and attendance and abstention from work on medical grounds from———”. (Paragraph 48.)

Grant of certificate of permanent incapacity

101. The insurance doctors may be empowered to grant certificates of permanent incapacity for work, to the insured persons for the purposes of grant of gratuity. Disputed cases may be referred to competent medical specialists under the Scheme. (Paragraph 49.)

Lapse of title to medical care

102. The Regulations should provide that an insured patient, whether the insured person or a member of his family, will continue to get treatment once started till the spell of sickness ends or in the case of long-term ailments, so long as the patient requires active treatment, even if during the treatment the insured person becomes disentitled to medical care. (Paragraph 50.)

Supply of dentures and spectacles

103. It would neither be practicable nor feasible financially to supply dentures and spectacles free of charge at this stage. There is, however, need to ensure that the facility regarding supply of spectacles on ‘no profit no loss’ basis is actually made available. Similar arrangements for supply of dentures should also be made under the Scheme. (Paragraph 52.)

Pre-employment medical examination

104. Pre-employment medical examination is not favoured. Facility for physical check-up should, however, be provided at the time of admission to the Scheme. This could suitably be made an occasion

for preventive inoculations and prophylactic measures to be followed up with periodical inoculations as may be required. (Paragraph 53.)

Employment of partially disabled persons

105. There should be a statutory obligation on employers to continue in employment and to assign suitable work to persons who become partially disabled as a result of industrial accidents in the employers' establishment. (Paragraph 55.)

Medical Institutes

106. Full-fledged medical colleges should be started at places where there are large and well equipped E.S.I. hospitals, either directly by the E.S.I. Corporation or by the State with the help from the Corporation. In cases where the Corporation contributes financially to medical training, the students or trainees concerned should be under an obligation to serve the E.S.I. Scheme for a specified period which should not be less than 5 years, after achieving full qualifications. The E.S.I. hospitals should also be utilised for the training of nurses and other para-medical staff. (Paragraphs 57 & 58.)

Minimum professional experience for E.S.I. doctors

107. Complaints of the insured persons against being entrusted to the care of raw and inexperienced doctors is legitimate. Doctors posted in E.S.I. dispensaries or hospitals should have not less than 3 years' professional experience. (Paragraph 59.)

CHAPTER XII.—ADJUDICATION MACHINERY

Constitution of Medical Boards and Medical Appeal Tribunals

108. It is not necessary to provide for a further right of appeal to the E. I. Court after the decisions of the Medical Appeal Tribunal. The proposal in the Amending Bill to allow an appeal against the decision of the Medical Board to the E. I. Court also seems unnecessary. Modification of the proposed legislation is suggested accordingly. Disablement questions should be completely taken out of the purview of the E. I. Courts. (Paragraph 4.)

Employees' Insurance Courts

109. (a) The working of the Employees' Insurance Courts shows that the proceedings are generally prolonged, cumbersome and formal. The common pattern of ordinary Civil Courts is followed which is not suited to a scheme of social insurance where there is more need for promptness rather than precision.

(b) The Employees' Insurance Courts should follow the summary procedure.

(c) The Employees' Insurance Court Rules should provide a time limit of three months for adjudication of claim. (Paragraphs 7 & 15.)

Informal Tribunals

110. There are very few disputes regarding payment of benefits which can be entrusted to informal tribunals. Therefore no change is suggested in the present system.

Decision on questions of coverage and insurability

111. The questions of coverage and insurability should be reserved for the judgment of the Director General. His decision should be final subject only to appeal on questions of law to the High Court. Where legal enquiry is likely to assist in reaching decision, the Director General may appoint a legal officer to conduct a legal enquiry and report to him. (Paragraph 13.)

Book of precedents

112. Books of precedents which should include brief proceedings and decisions of the E. I. Courts in the various States should be compiled. (Paragraph 14.)

Whole-time E.I. Courts

113. The part-time arrangement for the Employees' Insurance Court has not been found satisfactory. Whole-time E. I. Courts should be set up. There should be one or two whole-time E. I. Courts in each State with jurisdiction extending to the whole of the State. If necessary, these may be supplemented by a part-time court. (Paragraph 16.)

Setting up of Appeal Tribunals

114. The delay in setting up of Appeal Tribunals is difficult to understand. Immediate steps should be taken to establish Appeal Tribunals in States where these have not so far been set up. (Paragraph 20.)

Composition of Medical Appeal Tribunals

115. The Medical Appeal Tribunals should continue to consist of a legal chairman assisted by one or more medical experts and one or more officials of the Trade Unions as assessors. (Paragraph 21.)

Recovery of contribution from employers on conviction

116. The Act should provide that on conviction the employer should also be required to pay the contribution not paid in addition to fine/imprisonment that may be imposed. (Paragraph 23.)

Penalty for continuous offence

117. The employers should be required to submit contribution cards even when the contribution due is recovered through a court decree. Failure to do so should attract a fine which may extend to Rs. 50 per day during which the default continues. (Paragraph 24.)

Employees' contribution trust money

118. Non-payment of employees' contributions, which has already been deducted by the employer from the wages of the employees, should be treated as a breach of trust and a provision to that effect may be made in the Act itself. (Paragraph 25.)

Application of fines

119. A provision should be made in the E.S.I. Act to the effect that the court imposing any fine may direct that the whole or any part of the fine shall be applied in or towards the payment of costs of the proceedings. (Paragraph 26.)

E.S.I. Contributions—preferential payment

120. The contributions due under the E.S.I. Act for the previous three years should be treated as preferential payment for the distribution of the property of the insolvent or in the distribution of a company being wound up. (Paragraph 27.)

CHAPTER XIII.—FINANCIAL CONTROL AND STATE CONTRIBUTION

Autonomy of the Corporation

121. To ensure adequate autonomy for the Corporation and expeditious conduct of its business, the E.S.I. Corporation should be able, on its own initiative and decision, to raise funds, to invest money, to allocate expenditure for purposes of the Scheme, to plan its objectives, to choose among the available operating alternatives and to formulate its own reserve and appropriation policies, subject to over-all accountability to the Parliament. (Paragraph 10.)

Control by Central Government

122. The list of items on which the Central Government alone has power to sanction expenditure or where prior approval of the Central Government is required, should be reviewed. While it is essential to keep an overall control with the Central Government, it is desirable to leave the management of the affairs of the Corporation in the hands of the representatives of the interests concerned. (Paragraph 12.)

Matters to be dealt with by the Central Government

123. The Central Government need concern itself directly only with the following matters:

- (i) Constitution of the Corporation, the Standing Committee and the Medical Benefit Council, their functions and conduct of their business;
- (ii) Appointment of the Director General;
- (iii) Prescribing the form for maintenance of accounts and appointment of auditors;
- (iv) Publication of accounts and audit reports;

(v) Approval of budget estimates.

Steps may be taken to amend the Act and the Central Rules accordingly. (Paragraph 12.)

Investment of funds

124. While safety of the funds is of paramount importance and it has to be ensured that no investment is made in equity shares, the avenues for earning higher rate of interest on funds not immediately required, should not be closed. (Paragraph 13.)

Investment Committee

125. To evolve a broad-based investment policy, which may give freedom for investing a specific proportion of the available funds in other channels, it is necessary to have a small investment committee of the Corporation to advise the Director General. The powers of approval to deviate from the Rules presently retained by the Central Government, may be transferred to the Corporation. (Paragraph 13.)

Central Government contribution

126. The Central Government should bear a fair proportion of the cost of the scheme. The Central Government's share should be on a *per capita* basis calculated with reference to the total number of employees covered under the scheme from year to year, the amount payable, however, being not less than the aggregate contribution of all the State Governments for medical care. (Paragraphs 20 & 22.)

State Government's contribution

127. The States' share on medical benefit for the insured persons should, in no case, be less than the *per capita* expenditure on other citizens of the State. (Paragraph 25.)

Provision of State share in the Act

128. The State's share should be specified in the Act itself and not left to any agreement to be arrived at between the Employees' State Insurance Corporation and the State Government. The share of the State Government should be worked out as follows :

- (a) 1/3rd of the cost of the medical care for insured persons ;
- (b) 2/3rd of the cost of medical care for members of the family of the insured persons ;
- (c) The excess cost of sickness benefit to insured persons in the State over the average rate for the country as a whole. (Paragraph 26.)

CHAPTER XIV.—ADMINISTRATIVE STRUCTURE

Administrative Machinery

129. The present arrangement of administering the scheme through a statutory autonomous body like the Corporation is the correct one,

since it permits the special problems of social insurance being given specialised attention and also ensures a degree of freedom from governmental routine and procedures. (Paragraph 4.)

Representation of interests concerned

130. It is necessary to remove the feeling which representatives of the beneficiaries have that the Government representation on the Corporation is disproportionately high while the representation of the workers and employers is not adequate. The employers, employees and the Government, including other interests, should be represented in the ratio of 1:1:2 respectively. The strength of the Corporation should be raised to forty, out of which the employers and the employees should have ten representatives each. The rest may be distributed between the Central and the State Governments, medical profession and members of Parliament. (Paragraph 5.)

131. Routing of correspondence and participating in the deliberations of the Corporation through the Department of Labour is an avoidable duplication which can be eliminated by nominating a representative of the Department of Health on the Corporation and by handling all matters dealing with the working of the Employees' State Insurance Scheme in that Department. The Department of Health should, however, take the advice of the Labour Department in all administrative matters and delegate to that Department the work in connection with the grant of exemption and Employees' Insurance Courts. (Paragraph 11.)

132. If an eminent person connected with or having knowledge and experience of the field of activities of the Corporation is included among the nominees of the Central Government, it will strengthen the Corporation. (Paragraph 12.)

Representation of workers and employers on the Standing Committee

133. With an increase in the representatives of workers and employers on the Corporation and following the same principle, the number of seats for these interests on the Standing Committee may also be increased to five each. This will raise its strength to 20 members. The remaining ten members will represent the Central and the State Governments and other interests concerned. (Paragraph 16.)

Nomination of Medical experts by the Central Government on the Medical Benefit Council

134. Considering the specific functions of the Medical Benefit Council, it would be desirable to give more representation to medical experts on this body. The Central Government should, in addition,

have powers to nominate on the Council five medical experts who may be specialists in medicine, chest, surgery, orthopaedics and indigenous system of medicine.' (Paragraph 21.)

Participation by the State Government in the Medical Benefit Council

135. The participation of the State Governments in the deliberations of the Medical Benefit Council should be at the highest level and all State Governments should be represented through their Directors Health Services or the Surgeon-General. (Paragraph 22.)

Meetings of the Corporation, Standing Committee and Medical Benefit Council

136. The Corporation, the Standing Committee and the Medical Benefit Council should meet regularly on due dates and there should be a suitable machinery at the Headquarters office of the Corporation for proper liaison between the functions of these bodies. (Paragraph 23.)

Constitution of Regional Boards

137. In order to ensure adequate representation of the employers and the employees on the Regional Boards and consistent with the principle enunciated earlier, the Regulations should provide that where the number of employers and employees representatives on the Regional Board is less than three each, including the *ex-officio* members, the Chairman shall nominate additional representatives of employers and employees to bring their number upto three. (Paragraph 25.)

Functions and powers of the Regional Boards

138. The Regional Boards should not be encumbered with the day-to-day administration and it is not necessary to delegate to them powers relating to routine administrative matters which could safely be entrusted to the local executives. The Regional Boards should be entrusted with the following specific functions which would be in addition to those already mentioned in the Regulations at present ;

- (i) Deciding, within the broad framework of the general decisions of the Corporation, questions like geographical extension of the Scheme ; any special measures to meet peculiar conditions in the area or Region ; improvement in benefits ; extension of medical care to families ; provision of indoor medical treatment ; rehabilitation arrangements for partially disabled insured persons ; ensuring compliance by employers and so on ;
- (ii) Exercising general supervision, without interfering with day-to-day administration, over the operation of the Scheme including working of local offices, processing of permanent disablement benefit cases etc. ;
- (iii) Looking into general grievances and difficulties of insured persons, employers, medical personnel, Corporation staff etc., and promoting healthy relations among them.

The Regional Boards may set up suitable sub-committees for carrying out the different functions and they may also take assistance of the local committees. (Paragraphs 32 to 36.)

Action on the recommendations of the Regional Boards and Local Committees—setting up of a screening committee of the Standing Committee

139. There should be a systematic consideration of the recommendations of the Regional Boards in the Corporation. The suggestions received from the Regional Boards should be placed before the Standing Committee for consideration and decisions thereon should be communicated to them without delay. Depending on the frequency and volume of such recommendations, the Standing Committee may have a screening committee which could meet more frequently to consider suggestions from the Regional Boards and Local Committees before they are placed before the Standing Committee. Suggestions which are clearly unacceptable should be referred back to the Regional Boards explaining why they are not being placed before the Standing Committee. (Paragraph 37.)

Regional and Local Medical Benefit Councils

140. It is necessary to have at least at the regional level expert machinery to advise the regional organisation on medical matters. Suitable Regulations be framed for the constitution of Regional Medical Benefit Councils and for delegation to them of necessary powers and functions to assist in the administration of medical care benefit under the Scheme. (Paragraph 38.)

Delegation of powers and the role of Accounts Officers

141. It would be more expeditious if responsibility was placed on the Regional Directors and the administrative expenditure incurred by them is subjected to audit in the normal way. The Regional Assistant Accounts Officer in the Region should essentially be an audit officer but he should be available to the Regional Director for financial advice where such advice is sought by him. (Paragraph 41.)

CHAPTER XV.—ORGANISATIONAL SET-UP

Control of Administrative Division by a Senior Officer

142. The control of the Administrative Division by a senior officer of the status of Principal Officer is a desideratum which needs to be made up without delay. (Paragraph 7.)

Professional experience for appointment of Principal officers

143. Re-orientation of the administration with bias towards expertise is strongly recommended. Social Security administration is a highly technical subject and calls for high degree of professional skill and experience. It is of utmost importance that the Insurance Division

have powers to nominate on the Council five medical experts who may be specialists in medicine, chest, surgery, orthopaedics and indigenous system of medicine. (Paragraph 21.)

Participation by the State Government in the Medical Benefit Council

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Professional experience for appointment of Principal officers

143. Re-orientation of the administration with bias towards expertise is strongly recommended. Social Security administration is a highly technical subject and calls for high degree of professional skill and experience. It is of utmost importance that the Insurance Division

is also manned by officers with suitable qualifications, experience and training in social security administration. (Paragraph 8.)

Appointment of Deputy Director General

144. It is advisable to provide a deputy to assist the Director General and to co-ordinate the work of other Technical Divisions. (Paragraph 9.)

Appointment of Principal Officers by the Central Government

145. It is unnecessary to burden the Central Government with the responsibility for appointment of Principal Officers. The appointment of Director General alone need to be made by the Central Government. The other Principal Officers should be appointed by the Corporation itself through normal channels. (Paragraph 10.)

Financial Adviser

146. Absence of Financial Adviser is a deficiency in the organisational set up of the Corporation. The Chief Accounts Officer is at present performing the functions of the Financial Adviser, though his duties according to the rules laid down by the Central Government are confined to maintenance of accounts and carrying out of internal audit. He should either be designated as Financial Adviser or a separate post created for this purpose. (Paragraph 10.)

Statutory provision regarding number of officers etc.

147. The Corporation should be free to modify its top organisational structure to suit its current requirements. A statutory provision fixing the number and functions of a certain grade of officers irrespective of the size or growth of the organisation is an unusual and unrealistic feature. (Paragraph 10.)

Organisation and Method Division

148. There is need for strengthening of the machinery for Organisation and Method which would keep procedures under constant review and revision. The O. & M. Division should concentrate on a realistic appraisal of present work standards, potential improvements and simplifications with a conscious effort at economy in costs and operations, exploration of methods suited to the special needs and requirements of the organisation and effecting alternations and adjustments after proper experimentation so as to choose ultimately what best fits the needs of the organisation. In addition, the O. & M. Division should engage itself in studying methods of eliminating the time wastage due to several factors and for prescribing certain minimum standards of efficiency and performance. (Paragraphs 11 and 13.)

Staff training

149. There should be a machinery for staff training. The staff training branch should engage itself in the programme of training of

employees not only at the time of initial recruitment but also as a continuing process for intermediate levels and those at the top management level. There should be re-orientation courses, refresher courses and appreciation courses including re-orientation of mental attitude of the staff. There should be inter-regional meetings, seminars, publication of house magazines, participation in international seminars and conferences, availing of the facility for training available under the United Nations Programme of Technical Assistance and under the Colombo Plan and encouragement by means of monetary incentives for professional training. (Paragraph 14.)

Public relations machinery

150. There is need for creation of a regular public relations organisation at the Headquarters and at the Regional Offices, to disseminate information and experience. (Paragraph 15.)

Re-organisation of Regional Offices

151. There is no advantage in retaining Assam as the solitary Grade IV Region. It should be possible to merge it with the West Bengal Region without any difficulty.

The two Grade I Regions *viz.*, Maharashtra and West Bengal, have now become rather unwieldy. Bifurcation of Maharashtra Region with two Regional Directors separately incharge of defined areas would be more purposeful. West Bengal Region should also be sub-divided into two Regions—one comprising of Calcutta and Howrah and other of 24 Parganas and Hooghly.

It may be useful to amalgamate Bihar with Orissa and Delhi with Rajasthan Region.

After bifurcation and consolidation of the Regions, all the Regions would be of practically the same grade and can have a uniform staffing pattern. (Paragraph 16.)

Status of Regional Directors

152. There is great need for an effective and continuous liaison between the Corporation and the State authorities. It is possible only if the Regional Directors are of sufficient status who can effectively represent and commit the Corporation in negotiations with the State Governments. (Paragraph 17.)

Zonal set-up

153. It will be necessary to decentralise the functions of the Central Headquarters Office. For an effective decentralised machinery the country should be divided into four zones, the Zonal Offices being in Delhi, Bombay, Calcutta and Madras. The Regional Offices may then be renamed as Divisional Offices under the control of the Zonal Offices. The chief executive officer of the Zonal Office may be designated as

Zonal Commissioner who may be of the same status as the Principal Officers at the Headquarters. (Paragraph 18.)

Set-up at the Headquarters

154. The set-up at the Headquarters is essentially clerk-oriented. The set-up and the staffing and working methods must be systematised and carefully replanned. There is no merit in imitating the customary government procedures and practices which are completely unsuited to the Corporation's working. The staffing pattern at the Headquarters should be more officer-oriented. Excessive noting should be done away with. If a decision has to be taken at the level of a Principal Officer, the initial examination of the reference may be by the Section Officer. Officers should be required to do more original work and clerical assistance need be provided mainly for connecting relevant files, precedents and references. Officers who have an aptitude for independent and quick decision and for work connected with policy and planning should be considered particularly fit for the Headquarters. (Paragraphs 21 to 25.)

155. The provision of a Section Officer and another Junior Officer (Assistant Insurance Commissioner, Assistant Medical Commissioner, Deputy Administrative Officer or Assistant Accounts Officer) to supervise the work of each Section is a peculiar feature which is both unusual and unnecessary. Papers from Section Officer should pass directly to the deputy Principal Officer. If necessary, there may be two or more deputies to assist the Principal Officer. The Corporation should give this matter serious consideration and the posts of Assistant Insurance Commissioner etc., in the Headquarters should be abolished. (Paragraph 26.)

Double file system

156. The double file system could be reduced to the minimum. The system may, however, continue as far as policy files and others of a long-term value are concerned. The system of *de-novo* examination of inter-Division references at clerical levels should be avoided and a file referred to the other Divisions for advice should be dealt with at the level equal to or higher than the level at which the reference has come.

157. There should be a Central Registry at the Headquarters which would make it unnecessary for papers to be diarised once again in the branches.

158. The remarks regarding double file system, the system of *de novo* examination of inter-division references to clerical level and the desirability of maintaining one Central Registry equally apply to the Regional Offices. (Paragraphs 27 and 28.)

Set-up of Regional Office

159. The set-up at the top should consist of a Regional Director assisted by a Deputy of an appropriate status and such number of

Branch Officers (DRD/ARDs) as may be considered necessary. (Paragraph 28.)

Survey Branch

160. Each Regional Office should have a survey branch under the control of an officer of the rank of a Deputy or an Assistant Regional Director. This branch should arrange a periodical survey of each local office in the region by a team of officers, the chief of which should be of a status equal to or higher than that of local office manager whose work is to be inspected. (Paragraph 29.)

Staff complements for the local offices

161. It is necessary to evolve a proper scientific system of staff requirement. The local offices should send a periodical return of the items of work attended to. These returns should be consolidated at the Headquarters and based on the estimated time involved in each operation total requirement of staff complement for the Region may be worked out once at the end of each year. The Regional Director may then be left free to distribute the staff to the local offices on the basis of the work load in each local office. (Paragraph 30.)

Provision of office accommodation and equipment

162. Most local offices are housed in premises which have been improvised for the purpose. The space available is neither adequate nor entirely suitable for the business to be conducted. The execution of the plan for construction of regional offices and local offices is extremely slow and needs expedition. In most of the offices the equipment particularly the steel cabinets for storage of benefit files and contribution cards etc., is not sufficient. The Regional Directors should carefully work-out the requirement of the filing equipment and ensure their provision to the local offices. The records which are not required should be weeded out. (Paragraphs 31 and 32.)

Staff quarters

163. The construction of staff quarters and pending the construction, the arrangement for hiring buildings for letting out to the staff should be given due attention. This is a matter which merits urgent and careful attention of the Corporation. (Paragraph 33.)

Pay and allowances

164. There is some discontentment among the employees of the Corporation in the matter of their service conditions. It is imperative that for the success of the Scheme, the Corporation has full and whole-hearted co-operation of the staff. The employees naturally look forward to improvement in their emoluments commensurate with their responsibilities. The officers seem to be particularly sore on lack of sufficient avenues of promotion and lack of immediate monetary benefit even on promotion due to overlapping of scales of pay. The Corporation should

settle these matters in consultation with the organisations of their employees. The Corporation should give due consideration to all these matters. (Paragraph 34.)

Recruitment

165. The Corporation should fill up 75% of the posts at the lowest Class I level (A.I.C., D.R.D. etc.) from outside and 25% by departmental promotion. Higher posts should be filled 100% by departmental promotion. (Paragraph 35.)

166. The present provision regarding appointment to the posts carrying a maximum pay of Rs. 500 and above being made in consultation with the Union Public Service Commission should be amended. The Corporation should be free to recruit its staff through its own Service Selection Board. (Paragraph 36.)

Administrative expenditure

167. There is scope for economy in administration. Efforts should be made to obtain maximum results. The officers of the Corporation particularly at the middle and lower levels and those deployed in the field must be oriented towards need for economy in administrative expenditure. There is a tendency in the Corporation to duplicate nearly every step in the process of work by providing for 100% checking. While certain processes do require checking of the original operation, most others need not be duplicated. (Paragraph 37.)

168. Institution of internal audit is another item which may be carefully reviewed with a view to rationalising the work and reducing the quantum of staff deployed thereon. (Paragraph 37.)

CHAPTER XVI.—COMPREHENSIVE SCHEME OF SOCIAL SECURITY

Planning for Comprehensive Social Security Scheme

169. Plans are already under consideration for the introduction of limited schemes of unemployment insurance and old-age pensions. A caution is necessary against any haphazard and unplanned growth as was the case in many other countries. We should take advantage of a late start, learn from the experience of other countries and plan on the basis of a unified scheme. It would be wasteful to follow the process of evolution undergone by other countries. The seed of the idea to evolve a comprehensive social security scheme, covering, in a single enactment, various risks of cessation of income or wage loss to which a wage-earner is exposed, have already been sown and planning can and should now proceed on this basis. (Paragraphs 1 and 13.)

Economy in administrative cost

170. Economy in administrative costs is bound to flow from an administrative merger of the Employees' State Insurance Corporation and the Employees' Provident Fund Organisation. (Paragraph 7.)

Administrative Convenience

171. Both employers and workers would find it more convenient to deal with a single administrative agency and inspectorate and supervisory staff if the schemes were unified. (Paragraph 7.)

Maintenance of separate funds and accounts

172. As a safeguard against the use of funds means for long term benefits for the health insurance scheme, there may be a provision in the legislation itself that the funds for the two types of schemes should be kept separate. There should be no mixing up of funds. The contributions may be received in a single combined payment but the respective shares should be credited to the two accounts. (Paragraph 14).

Administrative merger of the E.S.I. Scheme and the E.P.F. Scheme

173. Action should be initiated forthwith to bring about an administrative merger of the two Schemes. Steps should be taken to examine the problem in all its details and to accomplish this with the least delay. (Paragraph 20.)

Merger of Coal Mines Provident Fund etc. in the unified scheme

174. Merger of the Coal Mines Provident Fund and the Assam Tea Plantations Provident Fund with the Employees' State Insurance Scheme may be postponed for the time being. (Paragraph 21.)

Review and simplification of the comprehensive scheme and standardisation of rates of benefits and contributions

175. It will be necessary to revise the Scheme to make it simple for both those who have to administer it and for those who have to benefit by it. The cost of the Scheme will have to be worked out afresh on the basis of the latest available mortality tables and the expected yield on investments in the future. (Paragraph 22.)

Expert machinery

176. The Government should, in consultation with the Indian Labour Conference, set up an expert machinery to evolve a "blue print" for a comprehensive scheme of social security, which should also form a strong financial and administrative base for inclusion of benefits which are at present not available. (Paragraph 23.)

NOTE OF DISSENT

We have signed the Report subject to the following minute of dissent.

We regret it has not been possible for us to agree with the majority view of the Committee on the following three issues:

- (a) The wage limit below which the insured persons should be exempted from contributing to the Scheme (Paragraph 11, Chapter V);
- (b) Continuation of the waiting period during which no cash benefit is payable to the insured persons (Paragraphs 24 to 28, Chapter VI);
- (c) No Claim Rebate (Paragraphs 31 to 33, Chapter VI).

(a) *Exemption Limit*

(i) On the first issue, the majority is of the view that only insured persons drawing a daily rate of Rs. 2 and below should be exempted from contributing to the E.S.I. Scheme. We have given this question our anxious and careful consideration. We are convinced that Rs. 2 as the lower limit for exemption is very low. We feel that exemption limit has to be raised immediately to Rs. 3 per day.

(ii) There is no difference of opinion, however, on the principle involved in regard to the minimum exemption limit. It is only on the question of degree. Whether the lower limit should be Rs. 2 or Rs. 3, there is a difference between us and our colleagues. We feel that such limit should be at Rs. 3 to begin with for the following, among other, reasons:—

- (a) The relief given to the workers on very low levels of wages should be real and not nominal.
- (b) Rs. 3 a day in these days of high prices, and for some years to come during which the recommendations of this Committee will prevail will be found to be far below the subsistence level.

(iii) We cannot therefore be a party to any recommendation that asks the worker to forego a part of his poor wage as contribution to the Scheme.

(iv) It will be in keeping with the accepted social policy of our country that the standard of living of these low-paid employees should be helped to raise by making available to them the ESI benefits without having to contribute for them.

(v) The number of workers getting wages below Rs. 3 per day is small in the country at present. The rate of contribution in their case is also low. Their small number and low contribution rate mean that their aggregate contribution to the ESI funds is not substantial. The loss of revenue if they are exempted will also be small and well within the capacity of the Corporation to bear.

(vi) The Committee was given some estimates of the possible loss of revenue if the exemption limit was raised to different figures. These estimates, however, were not based on the latest wage data nor on the full data.

(vii) We are, therefore, of the view that the exemption limit for payment of contributions should be raised to Rs. 3.00 per day and workers getting wages below that should not be required to pay any contribution to the ESI Scheme.

(viii) Nevertheless, if the Corporation does not want to bear additional burden consequent on raising the minimum level from Rs. 2 to Rs. 3 per day, the Corporation may be assisted by making it obligatory on the part of the employers paying Rs. 3 and less per day to remit to the Corporation the workers' contribution also.

(b) *Waiting period*

(i) We would have liked to see the waiting period for sickness benefit abolished altogether. It militates against the principle that the benefit of insurance should start as soon as the contingency that is insured against occurs. Besides, workers are put to considerable hardship due to the waiting period.

(ii) There is no reason why there should be any waiting period which is indeed a barren period to claim the sickness benefit once it is proved to be a certified sickness. If the Scheme will come across any difficulty by the abolition of this waiting period, it is the Scheme that will have to be suitably amended. The workers who pay for the Scheme and who are covered by sickness insurance cannot be told that the first two days of sickness will be barren days.

(iii) We are not convinced by the arguments advanced by our colleagues against the abolition of the waiting period.

(iv) We had, however, suggested as a compromise that for spells of sickness of seven days or longer, the sickness benefit might start from the very first day *i.e.*, without depriving the insured person of the cash benefit for the first two days.

(v) We are convinced that this suggestion of ours would not have placed too great a financial burden on the Corporation, since only a small proportion of the total spells of sickness actually last for seven days and more. This will also not encourage malingering as it will not be easy to feign illness for such long number of days. The relief to the workers by the abolition of the waiting period in such cases will be significant if not wholly satisfying.

(vi) Although we feel that the waiting period should be abolished, still we recommend for the present our compromise proposal, *viz.*, that for spells of sickness lasting seven days and more, sickness benefit should be paid for the entire period of sickness, commencing from the first day of sickness *i.e.*, without any waiting period.

(c) *No Claim Rebate*

(i) As regards the third issue, 'No Claim Rebate', we regret that the subject has not been given adequate treatment.

(ii) Almost all the witnesses who appeared before the Committee, whether from Government or from employers or from trade unions, have invariably recommended to the Committee the idea of a 'No Claim Rebate'. The idea has got great potential and deserves to have been given a better treatment, than a dry, theoretical approach. A properly devised 'No Claim Rebate' Scheme, will also help to minimise complaints of malingering.

(iii) We are therefore of the view that a suitable 'No Claim Rebate' Scheme, based on actuarial findings should be introduced to the satisfaction of all the parties.



G. RAMANUJAM

Member.

BAGARAM TULPULE

Member.

G. V. CHITNIS

Member.

NEW DELHI

Dated the 8th February, 1966.



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APPENDICES





सत्यमेव जयते

APPENDIX I

(CHAPTER I, PARA 3)

No. 1(45)/62 HI

GOVERNMENT OF INDIA

MINISTRY OF LABOUR & EMPLOYMENT

New Delhi, the 26th June, 1963

RESOLUTION

(As modified)

The Working of the Employees' State Insurance Scheme was discussed at the Twentieth Session of the Standing Labour Committee held at New Delhi on the 17th October, 1962. The Committee recommended that a Tripartite Committee should be set up to review the working of the Scheme and to suggest modifications or changes in the structure and organisation of the Employees' State Insurance Corporation to ensure more satisfactory functioning of the Scheme. The Government of India have accordingly set up a Tripartite Committee consisting of the following :—

Chairman

Shri C. R. Pattabhi Raman,
Union Deputy Minister for Labour, Employment and Planning.

Members representing State Governments

- (1) Shri M. Bhaktavatsalam, Chief Minister, Government of Madras.
- (2) Shri Bijoy Singh Nahar, Labour Minister, Government of West Bengal.
- (3) Shri Shantilal H. Shah, Minister for Public Health, Government of Maharashtra.

Members representing Employers

- (1) Shri G. V. Puranik
- (2) Shri Charat Ram
- (3) Shri R. K. Parikh

Members representing Workers

- (1) Shri G. Ramanujam
- (2) Shri G. V. Chitnis
- (3) Shri Bagaram Tulpule

2. The terms of reference of the Committee are :

“To review the working of the Employees' State Insurance Scheme and to recommend what modification or change in the structure and organisation of the Employees' State Insurance Corporation would be necessary to ensure more satisfactory functioning of the Scheme.”

N. N. CHATTERJEE

Joint Secretary to the Government of India

APPENDIX II
(CHAPTER I, PARA 17)
GOVERNMENT OF INDIA
MINISTRY OF LABOUR & EMPLOYMENT
ESIS REVIEW COMMITTEE

Phone : 34804
Gram : LABOUR

NORTH BLOCK,
New Delhi, 31st March, 1964

Dear Sir,

The Government of India, Ministry of Labour & Employment, have, on the advice of the Standing Labour Committee, set up a Tripartite Committee to review the working of the Employees' State Insurance Scheme and to suggest modifications or changes in the structure and organisation of the Employees' State Insurance Corporation to ensure more satisfactory functioning of the Scheme. A copy of the Resolution dated the 26th June, 1963, giving the constitution of the Committee and its terms of reference appears on page (ii).

2. The Committee has prepared a Questionnaire with a view to eliciting the opinion of the interests concerned on the working of the Employees' State Insurance Scheme. The Questionnaire is at pages 1-23 (c. f. pages 233-255). The Committee will be grateful if you could kindly let us have your views on matters which are of interest to you.

3. The Questionnaire has been divided into nine Parts, each dealing with a separate distinct subject. It is not necessary for you to answer all the Parts or all the questions in a particular Part, though the Committee would welcome your views on as many of the subjects as you may like to deal with. A brief note on the working of the Employees' State Insurance Scheme and a summary of the proposals for amendment to the Employees' State Insurance Act already under the consideration of the Government of India, are appended at Annexures I and II.

4. Copies of the Questionnaire are being sent to the central organisations of employers and employees, the ministries of the Government of India concerned with the subject, State Governments, the Employees' State Insurance Corporation and the medical profession. Other associations and individuals who are in a position to or who may wish to assist the Committee in their deliberations are also welcome to send their views on the Questionnaire.

5. Kindly send your answers with eleven spare copies. The Committee would welcome any additional memoranda or suggestions that you might like to send.

6. Kindly also let the Committee know whether you would like to give oral evidence when the Committee visits your area.

7. As the Committee desires to proceed with the work as soon as possible, it is requested that your answers to the Questionnaire may be sent so as to reach the Committee before the 30th May, 1964.

8. Please acknowledge receipt and let us know if you require more copies of the Questionnaire.

Yours faithfully,
Sd/- S. K. WADHAWAN
Secretary.

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ABBREVIATIONS

E.S.I. Act	.	.	.	Employees' State Insurance Act, 1948
E.S.I. (Genl.) Regulations	.	.	.	Employees' State Insurance (General) Regulations, 1950
E.S.I. Scheme	.	.	.	Employees' State Insurance Scheme
E.S.I. Corporation	.	.	.	Employees' State Insurance Corporation
E.S.I. Fund	.	.	.	Employees' State Insurance Fund
E.S.I.C.	.	.	.	Employees' State Insurance Corporation
E.I. Court	.	.	.	Employees' Insurance Court
I.M.O.	.	.	.	Insurance Medical Officer
I.M.P.	.	.	.	Insurance Medical Practitioner



INTRODUCTORY

(a) Please give your :

- (i) Name
- (ii) Address
- (iii) Designation

(b) Are you representing any organisation of employers, employees or the medical profession or any other body ?

(c) If so, please state the name of the organisation that you are representing.

PART I

SCOPE OF COVERAGE UNDER EMPLOYEES' STATE INSURANCE ACT

1. (a) Do you consider that the term 'employee' as defined in Section 2(9) of the ESI Act requires any modification ? If so, in what way ?

(b) Would you suggest a wider coverage of employees? If so, what additions or alterations in the definition of the term 'employee' do you recommend? [A proposal is already under consideration to add an explanation at the end of Section 2(9) of the ESI Act so as to specify that any work connected with purchase, production, distribution, manufacture, sales or administration and the like shall be deemed to be work in connection with the work of the factory].

(c) Do you consider that with a view to impart quick finality and to avoid litigation, the Executive (e.g. the Director General of ESIC) should have the power to decide the coverage of an employee finally, the EI Court or any other court being barred from adjudication of a dispute on the subject ?

2. The wage limit for coverage of an employee under the ESI Act is Rs. 400 per month at present. A proposal to raise this limit to Rs. 500 per month is currently under consideration.

(a) Do you recommend a further raise in the proposed limit? If so, to what extent ?

(b) Would you favour an elastic provision in the ESI Act enabling the Central Government to raise the wage limit for coverage from time to time without amending the ESI Act, subject to an absolute ceiling prescribed in the Act itself? What should be the ceiling in your opinion ?

3. (a) Do you think that the income limit for coverage under the Scheme has created any practical difficulties? (e.g. employees going out of coverage on increase of their remuneration beyond Rs. 400 during the currency of a contribution period).

(b) Has the system of incentive or production bonus increased this problem?

(c) Would you suggest that a provision may be made for allowing an employee to continue in the scheme on a voluntary basis even after his wages exceed the upper limit ?

4. The definition of the term 'employees' in Section 2(9) of the ESI Act makes no distinction between a permanent, temporary, casual or a substitute worker.

(a) Do you think that inclusion of casual, temporary and 'badli' workers in the definition of the term 'employee' has created any practical difficulties or hardship to the persons concerned ?

(b) If so, would you favour inclusion of a person as an employee only if he has been in continuous employment for a specified minimum period? What should be the minimum qualifying period in your opinion?

(c) Do you think the stipulation in (b) above would reduce the scope for leakage of funds in the shape of less defaults of contribution payments?

5. Do you think that the Act should provide for voluntary insurance by giving option to join the scheme to persons working in factories and establishments to which the Act applies and who are otherwise not covered under the definition of the term 'employee'?

6. The ESI Act at present applies only to a 'factory' as defined in Section 2 (12) of the Act. Section 1(5) of the ESI Act permits extension of the provisions of the Act or any of them to any other establishments or class of establishments, industrial, commercial, agricultural or otherwise.

(a) Do you consider that an enlargement of the definition of the term 'factory' is called for so as to include:

(i) premises on which 10 persons (instead of 20 as at present) are employed where power is used;

(ii) premises on which 20 persons are employed where power is *not* used (not covered at present);

(iii) any other premises or precincts? (Please enumerate)

(b) Do you consider that the time has come for extending the provisions of the Act to certain other establishments, for example:

(i) shops and commercial establishments;

(ii) mines;

(iii) any other establishments? (Please enumerate)

(c) What, in your opinion, should be the minimum number of persons working in the establishment to be covered under the ESI Act:

(i) 20 persons;

(ii) 10 persons;

(iii) 5 persons;

(iv) any other limit? (Please specify)

(d) Which of the above establishments, in your opinion, should be progressively brought under the Scheme, say in the next 10 years, and what should be the timing and order of priorities?

7. Sections 87-91 of the ESI Act provide for exemption of factories and employees from all or any of the provisions of the Act under certain conditions.

(a) In your view, should the provisions regarding exemption contained in Sections 87-91 of the ESI Act be retained, removed, stiffened or liberalized?

(b) Do you consider that a special treatment for factories belonging to the Government and those in the public sector is necessary in view of some cash benefits and medical care already available to employees in these factories in terms of their service conditions?

(c) Would you recommend a compulsory coverage of all factories—Government, public sector and private sector, without any provision for exemption? If so, would you suggest a scheme of reduced rates of contributions (employers and/or employees contribution) in case of factories where some benefits admissible under the scheme are already available under the conditions of service of employees in such factories? Would such a provision be consistent with the unified character of the ESI Scheme? Please specify the structure of such a provision, if you recommend one.

8. Do you consider that a factory/establishment once covered under the Scheme should remain so covered until the number of employees goes down and remains constantly over a specified period, at less than half the number of employees prescribed as the minimum for coverage ; or any other proportion ?

9. There is a point of view that clerical employees covered under the ESI Act do not benefit as much from the ESI Scheme as their counter-parts engaged in manual work as the former are not as much exposed to the risk of employment injury.

Do you consider this to be so ? Can you recommend any amelioration of this position, keeping in mind the principles of 'pooling of risks' and 'standing together' inherent in any scheme of social insurance ?

10. Have you any other comments or suggestions to make with regard to the scope of coverage under the ESI Scheme ?

PART II

CONTRIBUTIONS

11. Schedule I to the ESI Act lays down the rates of contribution payable by the employees and the employers (the employers are at present paying employers' special contribution in terms of the transitory provisions of Chapter V-A of the E.S.I. Act in lieu of employers' contribution specified in Schedule I).

(a) Do you consider that the present contribution structure and the ratio and rates of contribution for employees and employers are equitable and well balanced ?

(b) Would you suggest a recasting of the contribution structure specified in Schedule I to the ESI Act ?

(c) If your reply to (a) is in the negative and/or to (b) in the affirmative, what type of structure for employers' and employees' contributions would you suggest :

(i) with the present rate of benefits ;

(ii) with extension in the scope and rate of benefits ;

(iii) with addition of other benefits ?

(d) What should be the minimum wage below which an employee may be exempted from payment of contribution ?

12. Employees' contribution is payable at present by means of contribution stamps which are affixed to contribution cards of individual employees. This provides for a visible evidence of payment of contribution and also facilitates quick determination of title to and rate of benefit. Employers' Special contribution is, however, payable by deposit with Corporation's bankers. The stamp card method is considered particularly suitable for establishments with large labour turnover.

(a) Do you consider that payment of employees' contribution by affixing of stamps has caused any practical difficulties ? Please enumerate.

(b) If your answer to (a) is in the affirmative, can you suggest a simpler method which would as effectively enable :

(i) the collection and checking of contributions paid ; and

(ii) determination of eligibility and rate of benefit.

13. The present benefit periods and contribution periods are of 25-27 weeks* duration each [Sections 2(2) and 2(3) of the ESI Act].

(a) Do you consider that a longer contribution period (with a correspondingly longer benefit period) would be better, sound and equally convenient to the insured persons, the employers and the Corporation ?

(b) If so, what are your suggestions regarding :

- (i) the length of the contribution period and the corresponding benefit period; 52 weeks or any other period ;
- (ii) regulation of contribution and benefit periods of new entrants so as to ensure their title to sickness and maternity benefits after an initial waiting period of nine months as at present ;
- (iii) method of assimilating the existing insured persons into the new pattern ;
- (iv) transitory provisions to avoid hardship to the existing insured persons ;
- (v) any other implications? (Please specify)

14. The contribution periods and the corresponding benefit periods are, at present, divided into three sets, A, B and C with a view to stagger the work of the employers and of the Corporation.

(a) Would you suggest abolition of this system and replacement of the three sets of contribution and benefit periods by a single set *i.e.*, contribution and benefit periods commencing and ending on the same date for all insured persons.

(b) If so, will this not bring about a sudden pressure of work on the employers when the time for submission of all contribution cards together arrives ?

(c) What method would you recommend for assimilating the existing insured persons (divided into three sets) into a single set ?

15. Table I under Schedule I to the ESI Act divides all employees into eight wage groups for purposes of contributions (proposed to be raised to nine groups in accordance with the amendments to the ESI Act currently under consideration, with slight adjustment in contribution rates, consequent upon the proposed raising of wage limit to Rs. 500 for coverage under the Act).

(a) Do you consider that the structure of wage groups under Table I to Schedule I and the corresponding average assumed daily wages under Schedule II to the ESI Act need to be re-built? If so, what specific wage groups for contributions and corresponding benefits do you recommend? (Please see the proposed new schedule of contribution and benefits in Annexure II).

(b) Do you believe that the present wage groups under Table I of Schedule I to the ESI Act, are too many? If so, would you recommend fewer wage groups, say, three or four by combining adjoining wage groups. Please elaborate your suggestions showing clearly the pattern of contributions and corresponding benefit rates that you propose. (See also Questions 21 & 38 *ibid*).

16. If you favour an increase in wage limit for coverage of employees under the ESI Act (present wage limit of Rs. 400 is proposed to be raised to Rs. 500 in accordance with amendments to the ESI Act, currently under consideration) what structure of contributions would you recommend for persons in the wage range of Rs. 400 and above to be brought under the Scheme :

- (i) a system of further wage grouping with contribution progressively higher for higher wage groups (as in case of existing wage groups under Table I of Schedule I to the ESI Act); or
- (ii) a freezing of the contribution rates at a certain wage group so that all employees in and above that wage group would pay contributions prescribed for that wage group only and be entitled to benefits at rates corresponding to that wage group.

17. Mistakes are sometimes made in filling in challans for deposit of employers' special contribution and for payment for purchase of contribution stamps. What safeguard would you suggest to ensure that the money is deposited on a proper challan ?

18. At present challans for purchase of contribution stamps in respect of employees' contribution are filled in duplicate, one copy going to the office of the Corporation and the other remaining with the Bank. The employer is left with no copy for his record. This makes verification of stamps purchased difficult.

Do you recommend that a third copy of the challan should be prescribed for the use of employers ?

19. At present the employer is not permitted to adjust automatically excess payment of employers' special contribution in a contribution quarter.

Do you consider that the employers should have the right to effect such adjustment provisionally on their own by short payment of employers' special contribution in future quarters subject to usual post-verification by an inspector or other officer of the E.S.I. Corporation ?

20. Some employers evade coverage under the ESI Act and consequent liability for contributions. When this evasion is eventually detected and liability for contributions determined, the employers sometimes raise the limitation bar thus succeeding in avoiding timely payment to some extent. The chance of succeeding on the plea of limitations also encourages litigation.

Do you recommend a provision in the ESI Act to the effect that the liability for payment of contributions shall not lapse by any passage of time, so as to discourage such evasion, reduce litigation and minimize the loss of revenue to the ESI Corporation (similar provisions exist in social security legislation of other countries)

21. Sometimes when a factory changes hands by sale, transfer or otherwise, the purchaser/transferee repudiates his liability for arrears of contributions before the date of purchase/transfer. The seller or transferor also disowns liability. This results in prolonged litigation and sometimes loss of revenue to the ESI Corporation.

Do you consider that a specific provision in the ESI Act holding a purchaser/transferee in such event liable for all arrears of contributions, would be equitable and sound ? If not, what alternative remedy do you suggest ?

22. Do you recommend a specific provision in the ESI Act enabling the employee to deduct employees' contribution in advance in cases where wages are paid in advance ?

23. There has been in recent years a progressive decentralization of records connected with payment of benefits so as to facilitate expeditious disbursement of benefits and better contacts between the insured persons and their local offices. One such measure of decentralization was the keeping of contribution cards at local offices to enable quick calculation of benefits rates. However, the Return of contribution cards is still required to be submitted by employers in duplicate and the local office is left with no copy.

Do you recommend the submission of the return of contribution cards by the employers in triplicate so that a copy may remain on the records of the local office ?

24. Chapter V-A of the ESI Act was introduced in 1951, as a transitional provision to provide for payment of employer's share of contribution as provided in Schedule I to the Act. The expectation was that the scheme would be implemented gradually all over the country in about five to ten years time. Now that this has been achieved except for two or three bigger areas, do you think time is now ripe for dropping the transitional provisions and for reverting to the normal employers' contribution as provided in Schedule I to the Act.

25. A week is a unit for payment of employees' contribution under the ESI Act. The contribution is, however, actually payable at the end of a wage period. Do you think this has created any difficulties :

(a) for the employers ; or

(b) for the employees ?

Would you favour a change ? If so, would you like the contribution to be reckoned as :

(a) a daily rate ; or

(b) a monthly rate ?

26. Have you any other comments or suggestions to make regarding the provision for payment of contributions under the ESI Act, particularly with regard to the delayed coverage of the factory or failure on the part of the employer to pay the contribution ?

PART III

CASH BENEFITS

27. The procedure for payment of cash benefit at the Local Office involves mainly the following operations :

- (i) scrutiny and recording of the claims ;
- (ii) entries on Benefit Files (benefit record) of the insured person ;
- (iii) preparation of Benefit Payment Docket on which payee's receipt is taken and which serves as a voucher for the local office records ;
- (iv) preparation of Benefit Payment Slip [containing details of payment for the use of insured person and, if necessary, of the employer for purposes of Regulation 97 of the ESI (General) Regulations, 1950];
- (v) preparation of Schedule of Payments (an abstract showing particulars of each payment prepared by the cashier in duplicate for accounting purpose);

(a) Do you consider any of the above operations redundant or replaceable by a simpler technique ? If so, please specify in details.

(b) It has been suggested that the Benefit Payment Docket can be eliminated altogether and replaced by an acquittance from the payee on the Schedule of Payments. Likewise, the elimination of Benefit Payment Slip has also been suggested with a provision that where the employer requires to know the details of the benefit payments, the local office may provide the information on a standard form already in vogue. Considerable saving in time and labour and consequent promptness in payment of benefits seems possible by elimination of these two records.

What comments have you to offer on this suggestion ?

28. Sometimes, cash benefit is paid in excess to a claimant due to some miscalculation or clerical error. The claimant sometimes avoids refund of the overpayment received ; automatic adjustment of the overpayment against future dues of cash benefit is also not wholly permissible in law. Administrative action in such cases is taken, wherever necessary, against erring employees in the local office, who have been responsible for overpayment.

Would you recommend :

- (i) powers in the ESI Act to effect recovery in such cases by refund/adjustment against future receipts even though excess payment made was not due to any improper act of the insured person himself ;

- (ii) write-off of recovery by the competent authority without any effort a recovery from the insured person in bonafide cases ;
- (iii) administrative action, in suitable cases against the local office staff;
- (iv) any other measure ? (Please specify)

29. What is your opinion about the adequacy of cash benefits available at present under the ESI Act ?

Do you recommend an enhancement or modification in the scale of cash benefits currently admissible under the ESI Scheme *e.g.* sickness benefit at full rate for a certain period followed by half rate for the rest of the period, or addition of benefits for certain other contingencies (*e.g.* invalidity and survivorship benefits, invalidity grant, death grant, supplementary benefits depending upon the size of the family of the beneficiary).

Should such enhancement or addition in benefit have priority over consolidation and qualitative improvement of current benefits ? If so, what precise enhancement or addition do you suggest and in what order or priorities and time schedules ? Please specify also the corresponding revision in contribution rates and the appropriate contribution structure. (See also Questions 21 and 25 *ibid.*)

30. In some countries, the normal rate of cash benefit is reduced during the period in which claimant is being treated as an in-patient in hospital.

Do you consider such a reduction fair and equitable ? If so, would you recommend a suitable reduction in benefit rate during the period of hospitalisation :

- (i) for all claimants ;
- (ii) for unmarried claimants only ;
- (iii) for any other category ? (Please enumerate)

31. In terms of Regulation 53 of the ESI (General) Regulations, 1950, the Corporation in its discretion accepts as evidence of incapacity certain certificates from outstations submitted by insured persons in accordance with approved and notified procedure. It has been found difficult to verify the genuineness of incapacity certified by such certificates ; the Corporation has also no means of exercising any control over the issue of such certificates or the incapacity certified by them.

In the circumstances, do you recommend a ceiling on the period for which certificates may be accepted for payment of cash benefit so as to prevent any possible abuse of this facility. If so, what ceiling do you propose :

- (i) 7 days ;
- (ii) 15 days ;
- (iii) any other period ? (Please specify)

32. Do you consider that the system of payment of cash benefits by means of money orders is favoured by the insured persons and is more convenient to them than payment across the counter at the local offices, which, involves some unavoidable waiting and wastage of time ? If so, what measures do you recommend for encouraging the insured persons to opt for payment by money order ?

Would you recommend adoption of the money order payment system as the normal mode of payment until the contrary (a desire to obtain payments personally etc.) is indicated by the claimant specifically on the claim form ?

33. The somewhat long interval of time between termination of temporary disablement benefit and commencement of permanent disablement benefit has been complained of as a cause of some hardship to the beneficiaries. The reasons

for the long interval are many—e.g. insured person's failure to appear before the medical board constituted for assessment of loss of earning capacity, delay in availability of medical board recommendations, insured person's absence from the place of work etc.

What measures do you recommend to reduce this interval ? Would you recommend provisional payment of permanent disablement benefit at a certain percentage, of the loss of earning capacity as estimated by the medical referee of the Corporation or any other authority designated for the purpose, subject to adjustment later when the recommendations of the medical board have been received and accepted by the Corporation.

34. Do you consider the present criterion and the procedure for assessment of loss of earning capacity in permanent disablement cases fair and sound ? If not, what modification in the concept and principles of assessment would you suggest ?

35. Do you consider that there is excessive delay in payment of cash benefits in the local offices ? If so, do you think that the delay is partly or largely due to the system of determining entitlement to benefits and procedure governing payment ? What remedies do you suggest to speed up payment ? Would you favour the adoption of 'Teller' system for small payments (say upto Rs. 25 at a time) with a machinery to check up claims and to post the benefit record/ledger subsequently ? The counter clerk may make the payment straightway on the basis of the claim presented by the insured person.

36. Do you think that the local offices of the Corporation are adequately staffed, under-staffed or over-staffed ? What modification in the pattern of staffing do you recommend ? Would you suggest any norms for such staffing ?

37. The payment of cash benefits is made through the local offices, sub-local offices and pay offices.

(a) Do you think it would be practicable to make arrangements with selected employers in areas where local offices have been established and with all employers in areas where sub-local offices/pay offices have been established to disburse cash benefits to their employees on behalf of the ESI Corporation on receipt of Benefit Payment Schedule from the local office ? This may involve submission of claim papers by the insured persons through their employers.

Do you consider that this would lead to :

- (i) any financial or administrative difficulty ?
- (ii) unfavourable reaction from insured persons ?

(b) Do you think an option may be given to the insured persons either to get the claims through their employers or through the local offices or by money order ?

38. There is a provision for a waiting period of two days for drawal of sickness benefit for any spell of illness which is separated from the previous spell by more than fifteen days.

(a) Do you think such a provision is necessary ? Please give reasons for your reply.

(b) Since no cash benefit is payable for the waiting period of two days, employers have to pay wages for these two days, if otherwise admissible in terms of the contract of service. Do you think this causes any practical difficulty or hardship for the employer ? If so, could you suggest a solution ?

39.(a) Do you think that the Scheme has given rise to a tendency to feign illness ?

(b) Would you prefer a system of sick visitation and discontinuance of benefit on the report of the sick visitor that the insured person is feigning illness ?

(c) How do you think the Corporation should deal with cases of feigned illness where the insured person is reported to be engaged in another occupation while absenting from his own work place ?

40. Have you any other comments or suggestions to make on the subject of cash benefits under the ESI Scheme ?

PART IV

MEDICAL BENEFIT

41. Section 58 of the ESI Act stipulates that the State Government shall provide for insured persons and (where such benefit is extended to their families) their families in the State, reasonable medical surgical and obstetric treatment. It further provides that the Corporation may enter into an agreement with the State Government in regard to the nature and scale of the medical treatment that should be provided to insured persons and (where such medical benefit is extended to their families) their families (including provision of buildings, equipment, medicines and staff) and for the sharing of cost between the Corporation and the State Government.

The responsibility for providing medical benefit under the Scheme, is therefore, primarily that of the State Governments (except in the union territory of Delhi where the ESI Corporation has taken over the responsibility of providing medical care from the Delhi Administration). The cost of medical care is, however, shared between the ESI Corporation and the State Government. At present the Corporation bears seven-eighths of the cost on medical benefit in areas where medical benefit has been extended to the families of the insured persons and threefourths in other areas.

(a) Do you think that this system of dual control in respect of provision of medical care has created any difficulty in the smooth administration of medical benefit and in maintaining satisfactory standards ? If so, in what way ?

(b) Do you believe that it would be practicable to entrust the responsibility to provide medical benefit to the ESI Corporation ?

(c) (i) If your answer to (b) above is in the affirmative, do you think that medical benefit administered directly by the ESI Corporation would provide more efficient and more effective service to the insured persons ? If so, would you recommend a unified control over the entire Scheme (including medical benefit) by the ESI Corporation ? What specific suggestions would you make and what advantages do you foresee in such a unified scheme ? What programme method and time schedule do you suggest for the change-over ?

(ii) What should be the extent of financial participation by the State Governments for such a unified scheme ?

(d) Do you consider that such unification can be achieved all at once in the existing implemented areas or would you recommend a beginning with the experiment in new areas ?

(e) If your answer to (b) is in the negative, and you consider that the present system of administering medical benefit by the State Governments is preferable, would you suggest any changes in the administrative set up or in the control machinery, e.g. creation of a separate cadre for the insurance medical officers in the state services (service areas) ; inspection by the ESI Corporation ; appointment of Regional Medical Commissioners to co-ordinate the work in the states ? If you consider that any procedural modifications are necessary to help the state governments in the administration of medical benefits more effectively, please specify.

42. (a) The administrative set up for the implementation of medical benefit varies from state to state. In some states medical benefit is administered by the Labour Department and in others by the Medical Department. What arrangements at (i) Secretariat, and (ii) Head of Department level do you consider the best for the administration of the ESI Scheme ?

(b) Medical, Labour and General Administration Departments of the State Government are closely concerned with the administration of medical benefits particularly in the construction of hospitals, dispensaries, offices and staff quarters, etc. What measures do you suggest for the effective coordination of the several administrative departments ?

(c) What arrangement, should in your opinion, be made for close liaison between the Regional Directorate of the Corporation and the administrative departments of the State Government in implementing the scheme ? Do you think that a co-ordinating committee consisting of all these different administrative officers would be useful ?

43. (a) What are your observations regarding adequacy/efficiency of the following ? What improvements, if any, would you suggest in :

- (i) hospitalisation facilities ;
- (ii) out-door treatment facilities ;
- (iii) diagnostic centres ;
- (iv) specialist treatment ;
- (v) radiological, pathological and other examination ;
- (vi) ambulance services ;
- (vii) domiciliary visits by IMOs/IMPs ;
- (viii) medical certification ;
- (ix) availability of medicines and drugs ;
- (x) human approach and attention at the dispensaries/clinics/hospitals ;
- (xi) system of dispensing medicines and drugs through the panel of chemists in areas where medical benefit is given through panel system ;

(b) Do you think that the inspection and vigilance on the provision of medical care is adequate ? If not, what additional measures would you suggest ?

44. At present 1,000 insured persons or 750 family units are allotted to each I.M.P./I.M.O. for purposes of medical treatment. Do you think that this allocation is satisfactory ?

45. State insurance formulary consists of two separate lists (a) list containing medicines and drugs which can be prescribed by the IMPs/IMOs (b) a list of specialists' medicines and drugs which can be given only on the prescription of a specialist designated for the purpose under the ESI Scheme.

(a) There have been complaints that in the preparation of these lists emphasis is more on the price rather than on the quality and cheaper drugs are prescribed even if they have no therapeutic value.

(i) Is the complaint, in your opinion, valid ?

(ii) If so, what method of preparation of the lists would you suggest to improve the position ?

(iii) There is a view that a specialist's list is not necessary. Specialists should be free to prescribe whatever medicine they consider necessary for the patient. This will eliminate delays in providing the medicines. Do you subscribe to this view ?

46. The construction of hospitals etc. is generally through the State P.W.D. Department or the State Housing Board. The State Govts. are associated in the

drawing of plans and execution of the capital construction work. There are, however, complaints of delay in the construction of buildings for hospitals and dispensaries. Keeping in view the scarcity of suitable sites, building material etc., can you suggest more effective measures to accelerate the construction of hospitals and dispensaries etc. ? Should the E.S.I. Corporation have its own capital construction unit to execute construction work ?

47. Do you consider that medical care facilities available to those suffering from long-term diseases like tuberculosis, cancer, etc. are adequate ? If not, what specific improvements would you suggest ?

48. The incidence of tuberculosis is said to be very high particularly among the industrial workers.

Do you think that the ESI Scheme should undertake any extensive measures for control of tuberculosis in addition to providing curative facilities ?

If so, (i) would you suggest a system of medical examination before employment ; (ii) periodical check up ; or (iii) other measures ?

49. Can you suggest a comprehensive master plan of medical care for insured persons and their families for the next five or ten years, keeping in view the available medical facilities, personnel etc. in the country and the need for co-ordination with national health plans with a view to avoid duplication of services? Please elaborate.

50. At present, medical treatment is available in some areas under what is called the 'service' system, whereas the 'panel' system of medical treatment is in vogue in some other areas.

(a) How do you compare the two systems and which of the two in your opinion, is more beneficial to the insured persons and relatively free from abuses ?

(b) Would you recommend the adoption of any single system throughout the country ? If so, which one ?

(c) Would you prefer a panel-cum-service system for medical care ? If so, please give your reasons for the choice.

(d) In certain places in the panel areas, there are no private practitioners. Will mobile unit be a good alternative under the circumstances in such cases ?

51. The rate of capitation fee for treatment of insured persons and their family members has been fixed at Rs. 17.50 per family unit for Bombay and Calcutta, and Rs. 13.50 per family unit for other areas. Where, however, the medical benefit has not been extended to the families, the rate of capitation fee is Rs. 6.00 per insured person per annum. An insurance medical practitioner can have a maximum of 750 family units or 1,000 insured persons, depending on whether he is practising in an area where medical care has been extended to the families or in areas where such extension has not been made.

(a) How does the remuneration paid to the insurance medical practitioner compare with the remuneration paid to the doctors in State Government service ? Do you think that the present rates of capitation fee are (i) inadequate ; (ii) adequate ; (iii) more than adequate, considering the quantum of work and responsibility the insurance medical practitioner has to undertake ?

Please give reasons for your opinion. It will be helpful if the reply is illustrated by data regarding the actual workload e.g. attendance (separately for fresh cases and new cases) and number of domiciliary visits etc. during a period of say three months ending 31st December, 1963, in 5 per cent to 10 per cent random sample of insurance medical practitioners having (i) full panel of 750 family units ; (ii) 500-750 family units ; (iii) 250-500 family units ; (iv) 100-250 family units and (v) less than 100 family units.

(b) Would you prefer fixation of capitation fee on a differential basis for those living with families and those living alone as against the present system of a uniform capitation fee whether or not the insured person lives with his family ?

52. The state governments have entered into agreement with some industrial units for providing out-door medical care at the dispensaries run by them on payment of an agreed rate of capitation fee.

Do you think that the arrangements are working satisfactorily, the rate of capitation fee is adequate, or they need any modification ?

53. Do you consider that the IMO's/IMP's are too rigid, too generous or just reasonable in issuing certificates of incapacity ?

54. What observations have you to make on the allegation sometimes made that the insured persons exploit the facilities available to them under the ESI Scheme and prevail upon IMO's/IMP's to issue unwarranted certificates of incapacity ?

55. (a) Do you think that a periodical training of IMO's/IMP's in the methods and procedures of certification, prescription and treating of insured persons etc. is necessary ? If so, what programme of training would you recommend for the insurance medical officers in service areas and for the insurance medical practitioners in panel areas ?

(b) Do you suggest provision of training for the ancillary and para-medical staff like nurses etc. in the E.S.I. hospitals ? If so, please give the outline of the training programme and the terms under which trainees could be taken.

(c) Would you suggest that a doctor may not be taken on the panel of insurance medical practitioners unless he has professional experience over a minimum period ? If so, what should be the minimum period in your opinion ?

56. No Regulations have yet been framed under Section 57(2) of the ESI Act to cover claim for reimbursement of any expenses incurred on medical treatment of an insured person or his family, otherwise than as provided under the scheme. Do you consider that such a provision should be made in the Regulations and there would be no fear of the facility being grossly abused ? What specific provision and safeguards, if any, would you recommend ?

57. (a) It is complained that the present system of issuing medical certificates (First, Intermediate and Final) and the forms in which they are issued entails disproportionately large amount of writing work for the doctors and difficulty in handling of the certificates. Would you suggest any simpler procedure or change in the system ?

(b) There is no obligation on the part of insurance medical officers or the insured person to inform the employer that the insured person has been recommended leave. Do you think that this has created any difficulty ? If so, could you suggest a remedy ?

(c) There has been demand that the I.M.O's/I.M.P.s should be authorised to issue certificates of disability for purposes of grant of gratuity to insured persons at the time of their retirement from service. Do you think that this would be a legitimate function of the ESI medical authorities to undertake ?

58. (a) At present the medical care service under the ESI Scheme is confined largely to the curative aspect only. What programme and method of co-ordination of the preventive, curative and restorative services would you recommend ?

(b) The ESI Corporation has initiated preventive measures like 'Yogasnas and physical culture exercises on a limited scale in the form of pilot schemes in a few areas. Do you think this has been a useful measure ? A programme of health

education is also under consideration. Would you suggest any other preventive health measures, particularly in co-operation with the employers ?

59. (a) Do you consider that insured persons who have been in insurable employment for a specified period (relatively long period) should be guaranteed the facility of medical care for a certain longer period than at present, after they go out of insurable employment ? If so, please indicate the free period which you would recommend.

(b) Should indoor treatment in the hospital continue till necessary for the restoration of insured person's health and should not terminate on his becoming disentitled to medical benefit ?

60. Would you recommend the adoption of an extensive family planning programme under the ESI Scheme, independent of the national programme ?

(a) If so, what outlines for the programme do you recommend ?

(b) Should it include education, supply of appliances and sterilization ?

(c) Should cash incentives (rewards) be provided for sterilization ?

61. What is your opinion regarding the medical care facilities available to employees of the central and state governments *vis-a-vis* the standard of medical benefit under the ESI Scheme ? Do you consider that a co-ordination of the medical care facilities available to central and state government employees with the medical care programme under the ESI Scheme is feasible ? If so what method of integration do you suggest ?

62. (a) Do you think the ESI Scheme should provide for differential treatment in the hospitals for indoor patients on inclusion of supervisory staff and staff of commercial establishments in higher wage groups ?

(b) If so, should insured persons in the higher wage bracket be afforded the facility of special wards :

(i) without any additional payment ; or

(ii) on payment of a nominal charge ?

(c) What do you suggest should be the minimum wage limit for entitlement of special wards ?

(d) If the answer to (a) is in the negative, do you think that indoor treatment in general wards would be favoured by the supervisory staff and staff in commercial establishments in higher wage brackets ?

(e) Is there in your opinion, any justification for such a differential treatment *e.g.* separate hours for consultation in the outdoor ESI dispensaries or clinics of panel doctors ?

63. Do you think that the ESI Scheme should have arrangements for supply of dentures and/or spectacles at concessional rates (as in the case of Contributory Health Services Scheme, Delhi).

64. The ESI Corporation has a plan for construction of hospitals all over the country for indoor treatment of insured persons which may be extended to the families also in course of time. There may be a large net-work of hospitals all over the country in the course of next ten years or so and this number may progressively increase. The number of doctors required to man these hospitals is likely to be very large. Besides, there will be need for a substantial number of doctors in the ESI dispensaries for out-door medical care and this may also progressively increase with the extension of the ESI Scheme to other sectors of wage earners. In addition, progressive increase in the number of specialists will be required all over the country.

(a) Do you think that the technical personnel required to man these hospitals/ dispensaries and specialists' centres would become available as and when the need arises ? If not, do you think it will be practicable for the ESI Scheme to have its own medical college to train insurance doctors ?

(b) If you favour the setting up of a medical college by the ESI Scheme, do you think that the doctors passing out of the ESI medical college should enter into an agreement with the ESI authorities to serve for a minimum period of five to seven years ? Would you suggest any other stipulation ?

65. (a) Barring the supply of artificial limbs etc. no effective programme of rehabilitation, re-employment or retraining of permanently disabled insured persons has been established under the Employees' State Insurance Scheme so far, despite a provision therefor under section 19 of the ESI Act and Regulation 71(ii) of the ESI (General) Regulations 1950. This is chiefly due to lack of rehabilitation facilities available in the country. What concrete suggestions have you to make towards the attainment of this objective ? Would you suggest institutional rehabilitation care for the insured persons and later for their families ?

(b) Would you recommend along side or as an alternative to a rehabilitation/ re-employment programme a provision in the ESI Act regarding :

- (i) compulsory placement of permanently disabled insured persons on a 'Quota' basis in factories covered under the ESI Scheme ; If so, what quota would you recommend ? Should this vary with the size of the factory ?
- (ii) compulsory re-employment of permanently disabled insured persons on original terms and conditions of service in the factories to which they belonged at the time of sustaining employment injury ;
- (iii) provision of suitable light work in existing factories or establishments of a separate workshop for their employment in jobs suited to their capacities and for re-training facilities to equip them for alternative jobs ; Do you think there would be a sufficient number of such jobs and facilities available in the country ?
- (iv) maintenance of a 'Rehabilitation Fund' for payment of a grant in lieu of rehabilitation facilities ; If so, please specify the method of regulating payment of such grants.
- (v) any other programme ? (Please specify)

66. Do you think that the ESI Scheme should undertake, as part of preventive measures, the immunisation of the children of the insured persons, *e.g.* B.C.G., vaccination, triple vaccine, etc. ?

67. (a) Do you favour the establishment of health homes and convalescent homes at hill stations and at other healthy places for the insured persons and their families ? If so, do you think that such arrangements should be :

- (i) entirely at the cost of the ESI Scheme, or
- (ii) merely, subsidised by the ESI Scheme ?

(b) Would you prefer that the programme for establishment of health homes may be tagged on with similar projects by the State Governments ?

68. Have you any other comments or suggestions to make in connection with the medical benefits admissible under the ESI Scheme ?

PART V

ADMINISTRATIVE STRUCTURE OF EMPLOYEES' STATE
INSURANCE CORPORATION

69. (a) Do you consider that the present constitution of the Employees' State Insurance Corporation is conducive to its efficient functioning as an autonomous body ?

(b) If your reply to (a) is in the negative, what modifications do you suggest :

- (i) in the constitution of the Corporation, the Standing Committee and the Medical Benefit Council, particularly with reference to the relative representation given to different interests (the proposal to include, Director General, ESIC as a member of the Corporation and the Standing Committee is already under consideration of the Government) ;
- (ii) in the powers and functions of the Corporation, the Standing Committee and the Medical Benefit Council ;
- (iii) in the relationship of the Corporation with the Central Government ;
- (iv) in the relationship of the Corporation with the State Governments ;
- (v) in the term of office of the members of the Corporation, the Standing Committee and the Medical Benefit Council ;
- (vi) any other aspect which, in your opinion, detracts from the autonomous character of the Corporation and impedes its efficient functioning ?

70. (a) Under Clause (c) of Section 4 of the ESI Act, the Central Government has to nominate five persons as members of the Corporation, of whom at least three shall be officials of the Central Government.

Do you think it would be desirable to specify any qualifications for the nominees of Central Government ?

(b) Under Clause (d) of Section 4, the State Governments have to nominate one person each as member of the Corporation. At present generally an official of the Labour Department of the State Government represents the State Government on the Corporation.

Do you think that the position is satisfactory or would you recommend the representation of the State Government on the Corporation through an official of the Health Department of the State Government ?

71. Regional Boards and Local Committees have been constituted under Section 25 of the ESI Act and their constitution and functions are defined in Regulations 10 and 10A, respectively, of the ESI (General) Regulations, 1950.

(a) Do you think that these Bodies have achieved the purpose for which they were constituted and have played a useful role in the set up ?

(b) Do you consider that complaints of minor nature and minor irregularities in payment of benefits can be more smoothly and speedily redressed by Regional Boards and Local Committees ? If so, what procedure and delegation of powers would you suggest in this regard ?

(c) What modifications, if any, do you suggest in the structure, composition, functions or powers of these Bodies ?

(d) The State Governments are associated in the administration of the ESI Scheme through the Regional Boards, the Local Committees and by virtue of their responsibility under Section 58 of the Act to provide medical treatment facilities. The Central Government exercises over-all control through their representatives on the Corporation and the Standing Committee and by virtue of specific provisions in the Act regarding the control on the funds of the Corporation.

Do you think the working of the Corporation will improve if State Governments were to exercise the control and powers now exercised by the Central Government, with or without decentralisation of the ESI Fund?

72. Have you any other comments or suggestions to make with regard to the administrative structure of the Corporation ?

PART VI

ORGANISATIONAL SET-UP

73. Section 16 of the ESI Act provides for the appointment of Principal Officers to form the Executive of the Corporation. The Director General is the Chief Executive Officer and he is assisted by four other Principal Officers, each Head of a technical Division. They are appointed by the Central Government.

(a) Do you think that the power to appoint Principal Officers should continue to reside in the Central Government, or would you prefer only appointment of the Director General by the Central Government and the appointment of other technical officers by the Corporation itself ?

(b) Do you think that this pattern needs any change *e.g.* redesignating each Principal Officer as Deputy Director General or Executive Director in charge of his respective Division or by making the provision elastic by providing for the appointment of one or more additional Principal Officers as may be considered necessary, and/or by providing for the appointment of another Principal Officer to assist the Director General in general administration and personnel work ?

74. Sub-section (3) of Section 17 of the ESI Act relating to the appointment of staff reads as under :

“Every appointment to post carrying a maximum monthly pay of Rs. 500 and above (proposed to be raised to Rs. 600 in terms of the amendments to the ESI Act under consideration at present) shall be made in consultation with the Union Public Service Commission.”

Do you consider that this provision should continue or would you recommend any change in the method of appointment of staff *e.g.* appointment of staff by the ESIC itself ?

75. The statutory authority to administer the ESI Scheme is the ESI Corporation. Standing Committee of the ESI Corporation is the executive body of the Corporation. The Medical Benefit Council advises the Corporation on matters concerning medical benefits. Regional Boards have been set up in each region to advise the Corporation on matters of particular interest in the regions. Local Committees have been set up in certain areas to advise on local problems concerning the administration of the Scheme in the area.

(a) Do you think there is need for setting up of an administrative machinery in the Headquarters office of the Corporation to function as a secretariat of the ESI Corporation charged with specific responsibility to follow up, co-ordinate and ensure the implementation of the decisions of the Corporation, the Standing Committee, the Medical Benefit Council, the Regional Boards, the Local Committees and various other Committees and the sub-committees set up to review the working of the Scheme ?

(b) Do you think there is adequate arrangement for dissemination of information and advice to individuals and to the representative bodies connected with the ESI Scheme and there is a satisfactory press information service in the organization to publicise, for general information, the programme, the targets and the achievements of the Corporation ?

(c) Do you think there is sufficient liaison between the ESI Corporation and other departments of Government of India and State Governments dealing with matters of public health, economic development, social assistance and social welfare measures?

(d) If the answer to (b) and/or (c) above is in the negative, do you consider that it is necessary for the ESI Corporation to set up Public Relation services in the Regional Offices and at the Headquarters?

76. The organizational machinery of the ESI Corporation consists of a Head Office located at Delhi, Regional Offices—one for each state and Local Offices, sub-Local Offices and Pay Offices under the administrative control of the Regional Offices. Besides, there are Inspectorate Offices in each region.

The Head Office functions as the secretariat of the Corporation and the Standing Committee and is responsible mainly for policy making and administrative control; Regional Offices are under the control of Regional Directors. They have been delegated powers for day-to-day administration of the Scheme in the regions. The Regional Directors function also as secretaries of the Regional Boards. Regional Offices are of different sizes depending on the insurable population in the state. Regional Offices, Maharashtra and West Bengal are the biggest catering to over five lakh insurable population each. Next in size are Regional Offices, Uttar Pradesh, Madras and Ahmedabad with about two lakh insurable population each. In the third category are the rest of the States which include the State of Assam and State of Orissa with an insurable population of less than 20,000.

(a) Do you think that the above is a satisfactory organizational set-up and makes for effective and economical administration of the Scheme?

(b) If not, would you prefer :

- (i) a grouping of certain states with a comparatively small insurable population with a view to form in all eight or nine regions under the over-all control of the Central Office, or
- (ii) setting up of four or five Zonal Offices each to control a group of Regional Offices which may be renamed as Divisional Offices, one or more in each State and each Divisional Office having, say not more than 2 lakh insured persons?

(c) If (b) (ii) is preferred, what, in your opinion, should be the distribution of functions between the Central Office and the Zonal Offices?

77. (a) Administrative and financial powers have been progressively delegated to the lower authorities with a view to ensure easier and quicker decisions :

- (i) Do you think there is scope for improvement in this regard? If so, could you give specific suggestions?
- (ii) Would you favour delegation of authority in a negative way by scheduling the functions which will be discharged by the higher authorities and leaving the rest for the lower authorities as against the present method of delegating powers by means of a specific schedule of powers?

(b) There has been demand for delegation of administrative and financial powers for day-to-day administration of the Scheme to the Regional Boards.

Do you think this would lead to more effective working, or, would you prefer progressive liberalisation of the administrative functions in the organisation itself and delegation of administrative powers to lower authorities with a view to ensure that references to the higher authorities become exceptions rather than the rule?

78. Do you think there is need for setting up of a "Development and Research Division" at the Head Office of the ESI Corporation with two wings—one to deal with development, research, planning and reorganisation on the medical side and the other to deal with similar problems on the administrative and insurance side?

Can you suggest a suitable set up for such a division?

79. The ESIC has established a net work of Local Offices, each under the charge of a Local Office Manager for payment of claims and for other allied work. In areas with relatively small number of insurable population, Sub-Local Offices with small staff attached to and supervised by the Manager of the parent Local Office have been set up. The Sub-Local Office incharge has no powers to admit or pass claims for payment. He can disburse benefits only when sanction for payment is received from the Local Office Manager. The Local Office is situated usually at some place other than the place where the Sub-Local Office is situated and the distance between the two, is, in some cases, as much as about 150 miles. Some complaints regarding delays in payment of cash benefits at Sub-Local Offices are therefore inevitable. The institution of Sub-Local Offices was adopted as a measure of economy.

(a) What measures do you recommend to ensure a more satisfactory set-up and functioning of Sub-Local Offices ?

(b) Do you recommend the replacement of sub-local offices by fullfledged Local Offices under the charge of Local Office Manager competent to admit, pass and pay claims straightaway?

(c) If so, what measures would you suggest to curb any rise in the administrative expenditure consequent upon the upgradation of Sub-Local Offices ?

80. In sparsely populated areas, the Corporation arranges payment of claims through a cashier who visits the area periodically for collection of claims and payment of cash benefits. The payments are also made by money order at the option of the claimant. This arrangement is called the 'Pay Office' system. The visiting cashier is attached to and operates from the Local Office in whose jurisdiction the Pay Office is situated. The Pay Office system is a further effort to secure financial economy in areas where the establishment of a local office or a Sub-Local Office is not considered to be economical.

In your opinion, is this system of payment sound and efficient ? If not what alternative system can you recommend, consistent with the need for economy?

81. Some of the Local Offices have a heavy charge, serving in some instances as many as 40,000 insured persons. The service is not satisfactory. This is particularly so in big cities like Bombay and Calcutta. Due to scarcity of office accommodation in these areas, it has not been possible for the Corporation to break up these Local Offices into smaller units. On the other hand, experience has shown that bigger offices are, on the whole, less costly and their division into small units would tend to raise administrative costs.

(a) Do you consider that bifurcation of such units into smaller ones would secure better efficiency and improved service to the insured persons ?

(b) If so, what in your opinion, should be optimum and minimum size (with reference to the number of insured persons attached) of a Local Office in :

(i) cities like Bombay and Calcutta where suitable office accommodation is scarce ;

(ii) in other areas where office accommodation is available with comparative ease ?

(c) What revised structure or organizational pattern, if any, would you suggest for the local offices ?

82. In areas where there are two or more Local Offices, the insured persons were originally given an option to choose the Local Office which was most convenient to them having regard to the place of their residence. Lately, the insured persons have been re-allocated to the Local Offices employer-wise, i.e., all employees

of a particular employer are now attached to one Local Office. Do you think that this has been a good step from the point of view of :

- (i) the insured person ;
- (ii) the employer ;
- (iii) the Corporation.

If your answer to (i), (ii) or (iii) is in the negative, please say, why do you think so.

83. Have you any other comments or suggestions to make in respect of the organisational set-up of the administrative machinery of the Corporation ?

PART VII

FINANCE, AUDIT AND CONTROL

84. The Employees' State Insurance Fund is, at present, built primarily out of contributions from employees and employers and from the State Governments share of expenditure on medical care.

(a) Do you think that the Central Government should also make some contribution to the ESI Fund ?

(b) If your answer to (a) above is in the affirmative, what method of contribution by the Central Government would you suggest :

- (i) a percentage of the total contributions collected from employers and employees annually,
- (ii) a fixed yearly amount ;
- (iii) a progressively increasing yearly amount ;
- (iv) a percentage of the administrative expenses of the ESI Corporation;
- (v) any other method ? (Please specify)

85. (a) Do you consider that the ESI Act should contain a provision for review of contribution and benefit rates with change in the level of wages/cost of living ? Do you think that with varying levels of wages/cost of living in different parts of the country, such a review is feasible?

(b) Do you think that such a review should apply also to beneficiaries in receipt of Permanent Disablement Benefit and Dependents Benefit (claims already settled) whose rights to such benefits subsist on the date of operation of the reviewed rates ?

(c) If so, at what interval of time should such reviews be undertaken and for what magnitude of fluctuation in the level of wages/cost of living ?

(d) Should the power of review vest in :

- (i) Central Government ;
- (ii) the ESI Corporation ;
- (iii) the Central Government in consultation with the ESI Corporation ;
- (iv) any other authority/authorities ? (Please specify)

86. Do you think the provisions in Section 28 of the ESI Act regarding the financial control by the Central Government detract from the autonomy of the Corporation, particularly the power of approval/sanction of the Central Government for any or all of the following matters :

(a) the choice of the bank in which the ESI Fund can be deposited ;

- (b) purposes for which the ESI Fund may be expended, particularly the non-specified purposes referred to in Section 28(xii) of the ESI Act ;
- (c) holding of property ;
- (d) investing of money ;
- (e) raising of loan ;
- (f) preparation of budget estimates ;
- (g) appointment of auditors ;
- (h) preparation of the report of the audited accounts of the ESI Corporation ;
- (i) submission of the Annual Report of work and activities of the ESI Corporation to the Central Government ;
- (j) appointment of a Valuer for valuation of the assets and liabilities of the ESI Corporation ?

87. Do you think it would be advantageous if the Act were to provide that the E.S.I. Corporation conducts its business on business lines, accounts are maintained in accordance with the Company Law; and audit is conducted by commercial auditors ? If so, please detail the advantages that, you think, would flow from such a course.

88. Have you any other comments or suggestions to make on the subject of Finance, Audit and Control ?

PART VIII

PLANS AND PROCEDURES

89. At present the Corporation has a system of issuing an Identity Card to every insured person. There is a provision in the Identity Card for recording the identification marks of the insured person for proper identification. The eligibility of the insured person for medical benefit and/or cash benefit is determined by reference to his contributory record on the Contribution Card received from his employer.

(a) Do you think it would be more expeditious if the summary of the contribution record is also available on the Identity Card itself by requiring the employer to indicate on the Identity Card the amount and date of payment of employees' contribution ? It is claimed that this will enable the IMO/IMP and the Local Office to determine the insured persons' eligibility to benefit without reference to any other record ?

(b) Do you think it would add to the value of this document if a provision is made therein for recording in addition cash benefits received by the insured person from time to time ? Do you visualize any practical difficulty in adopting this procedure ?

90. Suggestions have been made from time to time that Identity Cards of insured persons should bear their photographs so that chances of impersonations may be eliminated. Do you think there are chances of large scale impersonation ? Do you think that the alternative of writing of identification marks by the IMO/IMP is an effective check ?

91. Payment of cash benefit at the Local Office involves writing of a Benefit Payment Docket indicating the amount of cash benefit payable and also providing

for the acquittance of the insured person on the Benefit Payment Docket. An alternative and quicker method may be the taking of acquittance on the Benefit Schedule itself which is prepared by the cashier at the time of making the payment thus eliminating the preparation of the Benefit Payment Docket. (In many countries this system is in vogue).

Do you think this can be followed in Local Offices under the ESI Corporation also or is it likely to create any difficulty, technical or otherwise ?

92. The system of working in Local Offices, Regional Offices and the Head quarters of the ESI Corporation is more or less the same as in the secretariat offices of the Government of India. The letters received are diarised at various stages and then dealt with on the files moving upwards leading to extensive noting and drafting before a final reply is issued.

Do you think it would be more expeditious if the system of working is changed over to the system in commercial houses by elimination of avoidable noting and drafting and movement of receipts from top downwards rather than from bottom upwards ?

93. Under the present Regulation 14 of ESI (General) Regulations, 1950, the employer is required to send all Declaration Forms together with the Return of Declaration Form on or before the Saturday following the end of the week in which the particulars on the Declaration Form were furnished. Is the time granted for submission of Declaration Forms under this Regulation adequate ?

94. Have you any observations to make on the current procedure regarding disentitlement of insured persons formulated under Regulation 103-A ?

95. Do you consider that Medical Certificates and other Forms currently in use under the Scheme contain some redundant information or particulars. If so, what simplification do you suggest ?

96. At present verification of the declaration regarding abstention from work made by the claimant on the Claim Form is done by means of random enquiries from the employer on a prescribed Form in a certain percentage of cases (5 per cent—10 per cent cases). A large number of such enquiries evoke no reply from the employers. On the basis of replies received, however, it has been found that some claimants report for work at their factory throughout or during a part of the period of certified incapacity and also claim cash benefit on the strength of these certificates. The incidence of such wrong declaration has been found to vary from area to area.

What precautions and devices do you suggest to counteract this abusive practice, keeping in view the fact that a system of verification of abstention from the employers in 100 per cent cases as a condition precedent to the payment of cash benefit may not be feasible ?

97. Have you any other comments or suggestions to make in connection with the plans and procedures of the Corporation ?

PART IX GENERAL

98. Opinion has been expressed that the ESI Act, 1948, needs to be more broad based and liberalized.

Have you any specific suggestion to improve the provisions of the Act ? (The amendments already under consideration of the Government of India have been detailed in Annexure II to this Questionnaire).

99. Regional Boards have been delegated with certain administrative and financial powers. They have not, however, been exercised because of the limitation in Section 94A of the ESI Act which does not permit redelegation to the Chairman or to the Secretary of the Regional Board any of the powers delegated to the Regional Boards.

Do you advise amendment of Section 94A of the ESI Act to provide for this delegation with a view to enable the Regional Boards to exercise administrative and financial powers delegated to them? If so, what main functions would you like the Regional Boards to exercise?

100. Section 73 of the Act provides for protection of the insured person against dismissal, discharge or any other punishment during the period in which he is in receipt of sickness benefit etc., or he is under medical treatment for sickness etc.

Do you think this provision has created any serious problem and can you suggest any measures to remedy the situation?

101. Do you think that the funds of the ESI Corporation may be expended to give grant-in-aid to safety associations run by the industries like the Council of Industrial Safety, Bombay?

102. The Final certificate in Form 9 certifies that in the opinion of the IMO/IMP, "the insured person would be fit to resume work on——." Do you think this has created any practical difficulty in the sense that the employer may be obliged to take the insured person on work even if he is otherwise not fit, though he does not need any active medical treatment? (e.g. if he has lost the faculty of sight or if his limb has been amputated and the wound has healed.)

If so, would you suggest an alternative language for this certificate, or any other measure?

103. Do you think, it would be practicable and advisable to provide for pre-employment medical examination and periodical check up of insured persons as in Government service? Please give reasons if you do not agree.

104. There is a general complaint that absenteeism in industry has increased after the introduction of the ESI Scheme.

(a) Can you give any specific data to throw light on the actual increase, if any, in absenteeism after the introduction of the E.S.I. Scheme? (Please give comparative figures for absenteeism due to *sickness only* for a period of 3 years before the introduction of the Scheme and for the period since the introduction of the Scheme in your area/establishment. The data should show the position for each calendar year separately).

(b) How much of the increase, if any, do you think may be due to :

- (i) better economic condition of the worker ;
- (ii) better facilities now available for treatment and medical care ;
- (iii) ability to afford leave due to the availability of half average wages by way of sickness cash benefit ;
- (iv) any other specific reason ?

105. Suggestions have been made that insured persons who do not claim benefit over a specified period and do not also avail of medical treatment facilities should be given some sort of a 'no-claim bonus' as an incentive to keeping good health. Do you think that this would be a useful step consistent with the objects of the Scheme? What should be the quantum of such bonus, and what should be the basis for its grant?

106. Do you think that absence of suitable buildings to locate the Regional Offices and Local Offices of the ESI Corporation has affected its efficient functioning? Would you suggest a time schedule for construction of the offices and residential quarters of the ESI Corporation keeping in view the need for priority to the construction of hospitals and dispensaries for insured persons?

107. At present the insured persons are not actively participating in the administration of cash benefit etc. under the Scheme.

Can you suggest some method in which they could more effectively participate and could play a more active role in the day-to-day working of the ESI Scheme e.g. informal consultative committees in purely advisory capacity ?

108. The Study Group on Social Security set up by the Central Government recommended that one single agency should be set up which should, as a first step, assume administrative responsibility for the ESI Act, Employees' Provident Fund Act, Coal Mines Provident Fund and Bonus Scheme Act and Assam Tea Plantation Provident Fund Scheme Act. It was considered that the unification of ESI Scheme with the Provident Fund Scheme and consequent administrative integration would result in simplification and added convenience to both employers and employees.

(a) Considering the large revenues and financial outlay involved, do you think that it would be administratively feasible to attempt this merger ?

(b) If so, (i) whether in your opinion the time is ripe to consider integration of the ESI Scheme with the Provident Fund Schemes ; or

(ii) need this wait for some more time, if so, for how long ?

(c) If not (i) your reasons for thinking otherwise ;

(ii) will it never be practicable to integrate the two schemes ?

(iii) would you like the two schemes to build themselves up independent of each other, one to deal with short term benefits and the other to deal with long term benefits like pension scheme, etc. ?

109. Administrative expenditure of the ESI Corporation account for roughly ten to twelve per cent of the contribution income. Do you believe that there is scope for economy in the expenditure of the Corporation ? If so, what measures do you suggest ? (Please elaborate)

110. ESI Act provides for the setting up of Employees' Insurance Courts to adjudicate on disputes, between the parties regarding payment of contributions or benefits.

(a) Do you think that this is a satisfactory arrangement ;

(b) If not, would you prefer a more informal machinery in the shape of tribunals comprising of the representatives of employees and employers and presided over by a judicial officer ?

111. Have you any other general comments or suggestions to make ?

Annexure I

BRIEF NOTE ON THE WORKING OF THE EMPLOYEES' STATE INSURANCE SCHEME

I. HISTORICAL BACKGROUND

The problem of Health Insurance of workers received the attention of the Government of India for the first time after the conventions adopted in 1927, by the I.L.O. in regard to Health Insurance for workers in Industry, Commerce & Agriculture. The matter was considered by the Royal Commission on Labour in 1931 and was later discussed and supported in the Conferences of Labour Ministers held in 1940, 1941 and 1942. At the instance of the Government of India, Prof. B. P. Adarkar prepared a report on Health Insurance Scheme for industrial workers which after examination by two experts from I.L.O. formed the basis of the ESI Act of 1948.

2. While the Act itself was passed in 1948, its implementation was delayed mainly due to the representations from employers in Delhi and Kanpur, where the benefit provisions of the Scheme were proposed to be introduced in the first instances about the competitive handicap to them as against non-contributing employer, in non-implemented areas. To meet this objection, the ESI Act was amended in 1951, to provide for payment of contributions by all employers—both in implemented areas and in non-implemented areas—at differential rates. The benefit provisions of the ESI Scheme were then first introduced in Kanpur and Delhi on the 24th February 1952, covering 1,30,000 workers to begin with. The Scheme has been gradually extended to other areas. It now covers about 25 lakh industrial workers in over 150 centres. The benefit provisions have been implemented in all the States except Gujarat. Medical care has been extended to the families of the insured persons in all but a few areas in Madras and Kerala States covering over 20 lakh family units.

II. ADMINISTRATIVE STRUCTURE

(a) *Bodies at the National Level*

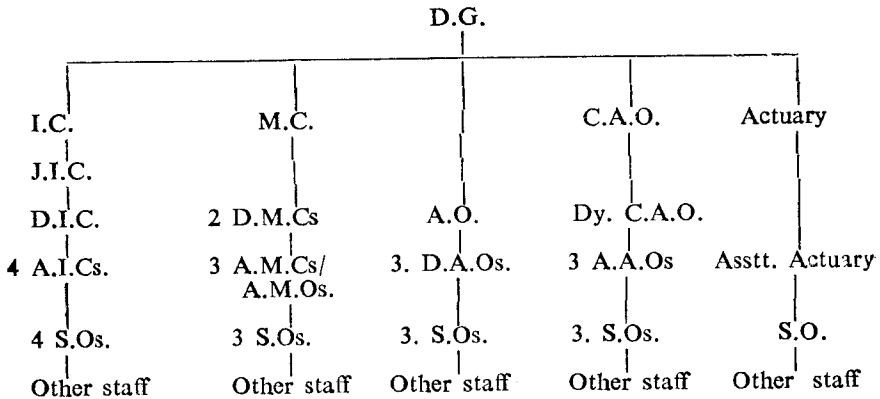
3. For the administration of the Scheme, an autonomous body called the Employees' State Insurance Corporation has been established. It consists of 36 members including 5 members each representing employers and employees. The other members represent the Central and State Governments, the medical profession and the Parliament. The Union Minister for Labour & Employment is the Chairman while the Union Minister for Health is the Vice-Chairman. Under the general superintendence and control of the Corporation, a representative Standing Committee consisting of 13 members has also been constituted to act as an executive body. The Standing Committee membership includes 6 members elected by the Corporation, 2 each of whom represent the employers and the employees. Apart from these, a Medical Benefit Council consisting of 26 members has been set up as a specialised body to advise the Corporation on the administration of medical benefits. The Council has representatives from the Medical Services of State Governments and representatives of employers, employees and medical profession.

(b) *Director General & Principal Officers-Headquarters*

4. The Chief Executive Officer of the Corporation is the Director General (D.G.), who is assisted by four Principal Officers, namely the Insurance Commissioner (I.C.), the Medical Commissioner (M.C.), the Chief Accounts Officer (C.A.O.) and

the Actuary—each Head of his Division. The Principal Officers are appointed by the Central Government.

5. The Principal Officers whose offices are at the Headquarters of the Corporation are assisted in their duties by other officers and staff as shown below:



c) Regional Offices

6. For efficient administration of the Scheme, Regional Offices have been set up in each of the States, with the Regional Director as the Chief Executive Officer in the Region. The Regional Director is assisted in his duties at the Regional Headquarters by Deputy Regional Directors, Assistant Accounts Officers, Medical Referees, Assistant Regional Directors and other staff.

(d) Local Offices

7. For smooth disbursement of benefits, one or more local offices have been set up in each of the implemented areas in the country, with the Local Office Manager as incharge of the office, assisted by other staff. Powers for deciding eligibility of claimants to benefits under the Act other than Permanent Disablement and Dependant's Benefit have been delegated to the Local Office Managers.

8. In implemented areas with a relatively small insurable population, sub-local offices have been set up with skeleton staff which are supervised and controlled by a local office to which they are attached. In still smaller areas, pay offices have been constituted, which are visited periodically by Local Office Cashier for disbursement of cash benefits. The basic unit for payment of cash benefits is thus the Local Office, sub-Local Office or Pay Office.

(e) Inspectors

9. For the purpose of a spot check on contributions, coverage etc., and for rendering other assistance to employers, Inspectorate Offices have been set up in certain areas, each under the charge of an Inspector.

(f) Bodies at the regional and local level

10. Like the Bodies at the national level, Regional Boards have been formed at the regional level (one in each region) under the Chairmanship of the respective State Labour Minister on which employers, employees, medical profession and the State Government are represented. Likewise, local committees have been constituted on tripartite basis in all important implemented areas. Due to certain administrative difficulties, however, it has not been possible for the Regional Boards to exercise any administrative or executive functions. Their role so far has been more or less of an advisory character.

(g) Functions of the Headquarters

11. The main functions of the Headquarters are the establishment of regional, local and other offices, inspection of offices, supervision, direction, coordination on matters relating to administration, organisation, disbursement of cash benefits and collection of contributions etc., formulation of procedures, planning, amendment to the Act and the Regulations, liaison with State Governments regarding provisions of medical benefits, construction of dispensaries and hospitals inspection of medical units and other institutions under the Scheme, laying down of yard-sticks and scales etc., maintenance of the accounts of the Corporation, preparation of the budget, investment of funds, collection, compilation and analysis of statistics etc.

(h) Functions of the Regional Offices

12. The Regional Offices are mainly concerned with the location and setting up of local offices, liaison with State Governments, supervision direction and control over local offices and other subordinate offices, medical boards, decision on permanent disablement and dependants' benefit cases, appointment, and transfer of staff, registration of factories and of employees, prosecution of employers, collection of contributions, maintenance of good public relations, publicity etc.

(i) Functions of the Local Offices

13. The Local Offices are chiefly concerned with the disbursement of cash benefits and the Inspectorate offices (Inspectors) with inspection of factories, apart from some establishment and administrative work like maintenance of service books, leave accounts, personal files, imprest, etc. The cash work in a local office is a very important item and the Local Office Managers have been delegated appropriate powers for withdrawal of funds from the accounts of the Corporation for payment of benefits.

III. PERSONS PROTECTED UNDER THE SCHEME

14. The Employees' State Insurance Scheme currently covers all employees working in power using non-seasonal factories (excluding mines, railway running sheds and defence installations) in which 20 or more persons are working with a remuneration not exceeding Rs. 400 per month. The ESI Act contains an enabling provision for extending its scope to any other establishment or class of establishments industrial, commercial, agricultural or otherwise.

IV. THE STATUTORY BENEFITS

15. The Employees' State Insurance Act provided for cash benefits in the event of sickness, maternity, disablement and death due to employment injury and medical care. Medical care is available immediately on entry into insurance. There is also a free insurance period for medical care ranging from 13 weeks to 9 months after an insured person ceases to be an employee. The other benefit which accrues from the very moment of a person's entry into insurable employment is the employment injury benefit consisting of temporary disablement benefit, permanent disablement benefit and dependants' benefit. The remaining two cash benefits, namely, the sickness benefit and the maternity benefit are subject to fulfilment of certain contributory conditions in the relevant contribution periods.

V. ENHANCEMENT OF BENEFITS

16. Section 99 of the ESI Act permits the ESI Corporation to enhance, from time to time, the scale of any benefit admissible under the Act including medical care. During the past few years, the Corporation has made full use of this provision and has enlarged the scope of benefits in several directions, e.g. :

- (i) Provision of extended sickness benefit to insured persons suffering from T.B., leprosy, mental and malignant diseases, fracture of lower extremity

- (non-employment injury cases) who have been in continuous employment for at least 2 years for a further period of 309 days at half the ordinary sickness benefit rate, thus putting such insured persons on benefit for a total period of 365 days.
- (ii) Supplementary benefits in the form of artificial limbs (including all incidental expenditure connected therewith), artificial dentures (for loss of teeth due to employment injury) spectacles (for impairment of eyesight due to employment injury or occupational disease).
 - (iii) Medical care for the members of families of insured persons on a restricted scale wherever agreed to by the State Governments.
 - (iv) Doubling the rate of maternity benefit which is now equal to approximately full wages of the insured woman.
 - (v) Facility of remittance of cash benefits by money order at the cost of the Corporation.

17. The addition of the above benefits to the statutory benefits provided for under the ESI Act is an evidence of the consciousness on the part of the ESI Corporation in regard to the inadequacy of benefits and the necessity of meeting additional contingencies as can be covered within existing finances. For obvious reasons however, the Scheme has to be self-balanced and a due equilibrium has to be maintained between the income and the outgo. The current reserves with the Corporation are intended to be utilised solely for capital construction work of hospitals dispensaries and other buildings which will undeniably be a great boon to the beneficiaries under the Scheme. The range of benefits has been expanded steadily though slowly for obvious reasons. Any large scale increase in benefits would apparently need corresponding increase in contributions. With a sizeable increase in the national income and the per capita income and proportionate improvement in the contributing capacity of the employers and workers, corresponding better benefits in an appropriate order of priorities would undoubtedly follow. In the ultimate analysis, the Scheme will expand through voluntary transformation by the joint will and efforts of the workers and the employers, who are duly represented and associated in all bodies and at all levels viz. the ESI Corporation, the Standing Committee, the Medical Benefit Council, the Regional Boards and the Local Committees.

VI. COMPLAINTS AND SUGGESTIONS

18. In a nation-wide scheme of the magnitude and size of the ESI Scheme complaints and criticism from interests affected and sometimes unkind attitudes to the Scheme itself would not be an unusual feature. The Headquarters of the Corporation have been keeping a consistent track of all complaints, criticisms, suggestions and problems reported or met with from time to time and to solve and smoothen out as many of these as possible by means of administrative instructions and necessary amendments in the Regulations which it is in the power of the Corporation to do independently. Some of the problems, however, could not be satisfactorily resolved without substantial amendments to the ESI Act. In an effort to sort out some complicated and administratively irksome provisions of the ESI Act, the ESI Corporation conducted a thorough re-examination of the ESI Act in its entirety and made certain suggestions for amendments thereof, which are currently under the consideration of the Government of India. The objectives of these amendments are that the defects and difficulties created by these provisions should be removed, that the structure of the contribution and benefit pattern and ancillary provisions should be modified so as to simplify and streamline the working of the Scheme, that economy in administrative expenses should be achieved by this simplification and that the provisions of the whole Scheme should be easily understandable and facilitate quick service to insured persons for whose benefit the Act was framed. A Summary of the proposed amendments to the ESI Act currently under the consideration of the Government of India is at Annexure II.

VII. SIMPLIFICATION OF WORKING METHODS AND PROCEDURES

19. In addition to suggesting amendments to the Act, the Corporation has been trying to simplify and streamline working procedures and methods from time to time so as to achieve speed, efficiency and economy in the administration of the Scheme. Some of the steps taken in this regard are listed below:

- (a) The work of maintenance of contribution cards and calculation of benefit rates has been decentralised to most of the local offices. This enables quicker calculation of benefit rate, better contacts between the beneficiary and the Local Office and early removal of complaints and difficulties.
- (b) Work of registration of employees has been decentralised at most of the places. This enables performance of the registration work quickly and more efficiently and the issue of identification documents easily and promptly to the insured persons.
- (c) The system of registration itself has been overhauled.
- (d) Employees have been reallocated to local offices employer-wise at many places as a further step towards decentralisation of work at local offices and for better liaison between the local offices and the employers.
- (e) The system of writing up documents in hand has been introduced in most of the places where mechanization was considered to be less advantageous.
- (f) Instead of all claims for benefits being filled in by the insured persons, only the first and the final claim are now required to be filled in, thus doing away with some additional work on the part of the insured persons and the local offices.
- (g) More powers have been delegated to Local Office Managers in regard to condonation of delays in submission of medical certificates, suspension of benefits, acceptance of alternative evidence etc.
- (h) Where contribution cards are not submitted by the employer, a record of contributions is obtained from the employer in a prescribed form so that the payment of benefit is not withheld or delayed in spite of the employer's failure to submit contribution cards.
- (i) With a view to relieve the insured persons of hardship that may be caused sometimes by delay in settlement of temporary disablement benefit claims, sickness benefit is paid if otherwise due in lieu of temporary disablement benefit subject to adjustment later when the temporary disablement benefit question is decided.
- (j) Some of the particulars on printed documents which were considered to be of a non-essential character have been done away with thus reducing work at the Regional and Local Offices.
- (k) The work of writing up Adrema particulars on benefit files has been reduced by revised instructions providing for the opening of a benefit file only when the first claim in respect of the insured person is received.
- (l) The language of the claim forms has been simplified.
- (m) The Declaration Form to be filled in in respect of each insured person, has been re-arranged in such a way that the particulars required for the Adrema box are grouped together prominently at the top, thus reducing the time and labour in writing or printing these particulars on various documents.
- (n) The procedure of conducting spot enquiries into the employment injury cases has been rationalised.

VIII. COMMITTEES IN THE PAST

(a) *Dr. A. L. Mudaliar Committee*

20. The Government of India appointed Dr. A. L. Mudaliar as a one-man Committee to report on the working of the ESI Scheme. The Committee had made to the Government certain recommendations on medical care and cash benefit under the Scheme. The main recommendations contained in the Report of Dr. Mudaliar which were agreed to by the Corporation are mentioned below:

- (i) Speedy construction of ESI Hospitals.
- (ii) Construction of cottage type hospitals.
- (iii) Liberalised yard-stick of specialists' services in areas with small insurable population.
- (iv) Locating local office in big mills wherever possible and setting up of medium sized local offices instead of large local offices.
- (v) Constructing own buildings for local offices.
- (vi) Grant of extended benefit upto 309 days (at half rate of sickness benefit instead of full sickness benefit rate as recommended by Dr. Mudaliar).
- (vii) Grant of extended sickness benefit also for fractures of lower extremity.

(b) *Study Group on Social Security*

21. The Ministry of Labour & Employment set up in August, 1957, a Study Group on Social Security under the Chairmanship of Shri V. K. R. Menon, Director, I.L.O. (India Branch). The Study Group submitted its report to the Government in December, 1958. The main recommendations made by the Study Group were :

- (a) Merger of the ESI Corporation and the Employees' Provident Fund Organization into a single Agency.
- (b) Payment of sickness benefit upto a maximum period of 13 weeks in any 3 benefit periods of 26-27 weeks.
- (c) Payment of extended sickness benefit at full normal benefit rate for 39 weeks to insured persons who have completed at least 2 years of qualifying service (payment for additional 309 days at half the sickness benefit rate already enforced).
- (d) Payment of maternity benefit at full average wage (already done).
- (e) A Scheme of retirement-*cum*-invalidity and survivorship benefit alongwith gratuity.

The report of the Study Group is under the consideration of the Government of India.

(c) *General Purposes Sub-Committees*

22. Apart from the above, the General Purposes Sub-Committees set up from time to time by the Standing Committee/Corporation have been scrutinising and submitting reports on the working of the Scheme in various regions from time to time. These General Purposes Sub-Committees consist of the representatives of Employers, Employees, State Governments, Medical Profession etc. and receive memoranda from interests concerned. They study on the spot the working of the Scheme—both cash and medical care, in association with local authorities and make appropriate recommendations to the Corporation.

IX. MEDICAL BENEFIT

23. So far as medical care is concerned, the responsibility primarily is that of State Governments, except in Delhi where the Corporation has taken over the administration of medical care for the insured persons since 1st April 1962, in consultation with the Delhi Administration. This is subject to a review after the expiry of three years.

24. Medical care is undoubtedly the kingpin of Employees' State Insurance Scheme, but being a benefit in kind, it is more susceptible to complaints and criticism. It cannot be gainsaid that the medical care facilities and the standard of hospitalisation, specialists services etc. has not been wholly adequate, for a multiplicity of reasons. The dearth of doctors, and ancillary staff, time taken in locating sites for construction of hospitals and dispensaries, procuring of material for construction, preparation of plans and estimates, and to some extent, undoubtedly, the dual responsibility for medical care have all been responsible in some measure or the other for the slow progress on this account. Some idea of the present medical facilities available under the Scheme can be had from the following figures as on 31st March 1963 :—

(1) Number of dispensaries	428	(including full-time dispensaries, mobile dispensaries, part-time dispensaries and employers' dispensaries).
(2) Number of panel and service doctors.	3350	
(3) Number of hospital beds (in ESI hospitals/annexes/ Govt./private hospitals).	3633	

X. PROGRESSIVE IMPROVEMENTS IN MEDICAL CARE

25. On the medical side also the Corporation has been trying to improve scales and standards as much as possible from time to time. Starting with only out-patient facilities, the Scheme now provides comprehensive medical care which is almost all-inclusive. Decision has already been taken to establish separate hospitals for the exclusive use of insured persons and four such hospitals at Bombay, Bangalore, Kanpur and Madras with a total bed capacity of 1,057 are already functioning. The standard of medical care has been considerably improved and according to the present yard-stick, one whole-time medical officer is authorised for 1,750 employees under the service system and where medical benefit has been extended to families of insured persons, one whole-time medical officer for 750 insured persons family units. In the panel system, one Insurance Medical Practitioner is allowed a maximum of 1,000 insured persons and where families are included for medical care, 750 family units.

26. Essential equipment for minor surgery and pathological examinations has been provided at State Insurance Dispensaries ; provision has been made for part-time specialists in medicine, T.B., eye, ear, nose and throat, surgery, pathology, radiology, skin and gynaecology and it has been decided to provide specialist services in leprosy, orthopaedics, mental diseases and dentistry, etc. also. The scope of medical care for families of insured persons has been enlarged to make it identical with the standard of medical care provided to insured persons themselves except for hospitalisation. The construction of cottage type hospitals has been agreed to for several areas. Ambulance facilities are provided where the concentration of insured persons is sufficiently large or where arrangements for in-patient treatment exist only at an out-station centre and suitable hired conveyance is not generally available. To attract sufficient number of officers from the State Medical Services, it has been decided to pay ESI Special Pay of Rs. 100 per month to

every Insurance Medical Officer entirely from the Corporation funds. Many of the State Governments have already implemented this recommendation.

27. It has, further, been decided to establish fullfledged T. B. hospitals for insured persons where concentration is 50,000 or more. In addition, supplementary medical benefits in the form of artificial limbs, artificial dentures (loss of teeth due to employment injury) and spectacles (impairment of eyesight due to employment injury or occupational disease) etc. are provided by the Corporation. Insured persons suffering from T.B., leprosy or malignant or mental diseases or fractures of lower extremity are entitled to extended medical care for one year in addition to the normal period if they have been in continuous employment for atleast two years. Further, the Corporation is granting to insured persons undergoing in-patient treatment, the concession of having their treatment continued even after disentitlement.

28. It has been decided to appoint an Inspection Team of full-time medical officers to inspect medical arrangements in various States. Pilot projects of yoga education, for insured workers have also started. It has further been decided that reimbursement should be made to insured women and wives of insured persons for confinement at a place where medical facilities under the Employees' State Insurance Scheme are not available. Some minor benefits by way of payment of conveyance charges to insured persons required to appear before Medical Boards/Specialists/Medical Referees etc. are also paid.

XI. FUTURE PROGRAMME AND PRIORITIES

The future programme of the Corporation is expected to follow the following order of priorities :—

- (a) extension of the Scheme to all areas having an insurable population of 500 or more ;
- (b) extension of medical care to the families of the insured persons and provision of in-patient treatment to families ;
- (c) construction of the buildings for hospitals and dispensaries and offices of the Corporation ;
- (d) more attention and resources to be devoted to the prevention of sickness than has been possible hitherto.

XII. TENTATIVE PROGRAMME FOR THE FOURTH FIVE-YEAR PLAN

30. The Schemes tentatively proposed for inclusion in the Fourth Five-Year Plan are :—

(a) *Spill-over from the Third Plan*

- (i) Coverage of employees and their families in all areas with insurable population of 500 and above.
- (ii) Full medical care to families including hospitalisation.

(b) *New Projects*

Extension of scope of Employees' State Insurance Act :

- (i) to cover factories as defined under the Factories' Act, 1948, employing 10 or more persons using power or 20 persons without power ;
- (ii) to cover shops and commercial establishments including transport companies employing 20 or more persons ; and
- (iii) to cover new areas of industrial establishments.

(c) *Capital Construction*

- (i) Construction of hospitals to provide for a total of 18,000 beds (including those constructed during the Third Plan) under the ESI Scheme, by the end of Fourth Plan period.
- (ii) Construction of 500 dispensaries including those in Third Plan period providing for 1,600 Insurance Medical Officers.
- (d) Implementation of the recommendations of the Study Group on Social Security *i.e.* integration of Social Security Schemes *viz.* Employees' State Insurance Corporation and Employees' Provident Fund.
- (e) Extension of ESI Scheme to Mines and Plantation Workers.
- (f) Temporary Insurance for insured persons (death benefit for persons who die as insured persons).



Annexure II

SUMMARY OF THE PROPOSALS FOR AMENDMENTS TO THE EMPLOYEES' STATE INSURANCE ACT, 1948

Government of India, Ministry of Labour and Employment, have under consideration, proposals for certain amendments to the ESI Act 1948. Amendments to the Act have been considered necessary with a view to make the administration of the Employees' State Insurance Scheme simpler and to eliminate, as far as practicable, lengthy and complicated formalities for drawal of benefits under the Act. The contribution and benefit structure of the Act are also sought to be rationalised with a view to simplify the working of the Scheme. The major amendments proposed to the Act are the following :—

- (i) The definition of the expression "employment injury" is sought to be made self-contained so that reference to Workmen's Compensation Act may not be necessary. It is also sought to be made clear that employment injury benefit will be admissible even in respect of accidents occurring outside the territorial limit of India provided that the employment injury arose out of and in the course of the insured persons' employment.

[Section 2 (8)]

- (ii) The present income limit for coverage of "employees" is proposed to be raised from Rs. 400 to Rs. 500 p.m. with a view to enlarge coverage and secure benefits of the Scheme for a larger section of industrial employees. An explanation is also proposed to be added to make it clear that persons employed on any work connected with purchase, production, manufacture, maintenance, distribution, sales or administration shall be covered under the Scheme. This would eliminate the possibility of excluding certain categories of employees from the purview of the Act.

[Section 2 (9)]

- (iii) The definition of the term "factory" is proposed to be amended with a view to ensure that all those factories where 20 or more persons are employed (and not merely "working") are covered under the Act. Besides the list of "seasonal" factories included in the definition, it is proposed to give Government of India, power to notify other factories as "seasonal".

[Section 2 (12)]

- (iv) The constitution of the Corporation and of its Standing Committee is proposed to be modified with a view to include Director General, Employees' State Insurance Corporation as a member. The Parliament representation on the Corporation is also proposed to be raised from two to three with a view to include two members from the Lok Sabha and one from Rajya Sabha.

[Section 4 (8)]

- (v) The definition of the term "family" is proposed to be enlarged to include the dependant parents of female insured persons. Such relations of male insured persons are already covered by the Act.

[Section 2 (11)]

- (vi) The provision for the sanction of the Central Government for creation of posts in the Corporation is proposed to be dropped. Similarly, provision for approval of the Central Government to the Regulations made by the Corporation regarding the methods of recruitment, pay and allowances,

discipline, superannuation benefits and other conditions of service of the members of staff is proposed to be deleted.

[Section 17]

- (vii) At present the Corporation can promote measures for improvement of health and welfare of insured persons and for rehabilitation and re-employment of insured persons who are disabled or injured and can incur in respect of such measures, expenditure from the funds of the Corporation within such limits as may be prescribed by the Central Government. It is proposed to give to the Corporation authority to incur expenditure on such measures without the approval of the Central Government.

[Section 19]

- (viii) Section 28 of the Act specifies the proposal for which Employees' State Insurance Fund may be spent. It also provides for expenditure on such other purposes as may be authorised by the Corporation with the previous approval of the Central Government. The condition of previous approval of the Central Government is sought to be dropped.

[Section 28 (xii)]

- (ix) A new provision is proposed to be made requiring all factories and establishments to be registered under the Act in the manner specified in the Regulations.
- (x) Persons erroneously covered under the Act under the *bona fide* belief that they are employees within the meaning of the Act, would remain covered till the end of the contribution period.

[Section 38]

- (xi) The exemption limit for employees' contribution is proposed to be raised from Re. 1 per day to Rs. 1.50 per day, thus providing relief to low paid employees receiving daily wages of less than Rs. 1.50.

[Section 42 (1)]

- (xii) Liability to pay contribution is sought to be made co-terminus with the liability for payment of wages, so that whenever wages are paid, whether for work or otherwise, contribution is payable. On the other hand, if no wages are paid, no contribution is payable.

[Section 42]

- (xiii) A new provision is proposed to be added to Section 43 of the Act to enable the Corporation to recover the contribution payable under the Act as if it were arrears of land revenue.

[Section 43]

- (xiv) Provision is proposed to be made for the grant of Funeral Benefit not exceeding Rs. 100 on the death of an insured person in addition to the benefits specified in Section 46 of the Act.
- (xv) Qualifying conditions for drawal of sickness benefit which have been found rather complicated and administratively costly (two thirds of the number of weeks for which an insured person is available for employment subject to a minimum of 12) are sought to be simplified. The revised qualifying condition would be the payment of thirteen weeks' contribution in a contribution period of 26 weeks to entitle an insured person to claim benefit in the corresponding benefit period.

[Section 47]

- (xvi) Section 48 of the Act, which spells out the period when an insured person is deemed to be available for employment, will be deleted in view of the proposed amendment to Section 47.

- (xvii) The duration of sickness benefit which is calculated with reference to a continuous period of 365 days will, according to the proposed amendment, be calculated with reference to any two consecutive benefit periods. The insured persons find it difficult to understand the present provision of 365 days' cycle.

[Section 49]

- (xviii) The qualifying condition for drawal of maternity benefit is also proposed to be simplified as in the case of sickness benefit by providing that the insured woman must have paid a minimum of 13 weeks' contribution in a contribution period of 26 weeks for title to maternity benefit in the corresponding benefit period. The additional condition of at least one contribution between 35 to 40 weeks before the expected date of confinement is also proposed to be dropped. It has been found administratively irksome and also to cause hardship in certain cases.

[Section 50]

- (xix) The scope of maternity benefit is also sought to be enlarged with a view to provide for the following additional benefits :

- (a) Payment of maternity benefit for the unexpired period on the death of the insured woman during her confinement or later if she leaves behind the child ;
- (b) Grant of leave for six weeks with full wages in case of miscarriage ;
- (c) Grant of additional leave with full wages up to one month in case of sickness arising out of pregnancy, confinement, etc.

[Section 50]

- (xx) Specific provision is sought to be made for a waiting period of three days for grant of temporary disablement benefit. The waiting period will be waived if the temporary disablement lasts for more than three days, excluding the date of accident.

[Section 51]

- (xxi) The adjudication of employment injury claims is proposed to be simplified by making the following specific provisions in the Act :

- (a) An accident arising in the course of an insured person's employment shall be deemed, in the absence of evidence to the contrary, also to have arisen out of that employment ;
- (b) An accident shall be deemed to arise out of and in the course of an insured person's employment, even if the insured person is, at the time of the accident, acting in breach of regulations or not in accordance with the orders of the employer, so long as the act is done for the purposes and in connection with the employer's business ;
- (c) Accidents happening while travelling in employer's transport will be considered as accidents arising out of and in the course of employment ;
- (d) Accidents happening while meeting an emergency will also be considered as accidents arising out of and in the course of employment.

- (xxii) At present the title to and the rate of benefit for dependants other than the widow and children are determined by the Employees' Insurance Court. It is proposed to define the share of such dependants in the Act itself and to give the Corporation power to decide these cases like other claims without having to refer them to the Employees' Insurance Court.

[Section 52]

- (xxiii) Self-contained provisions are proposed to be added regarding treatment of occupational diseases as Employment Injury without having to refer to the provisions of Workmen's Compensation Act.

- (xxiv) Specific provisions are sought to be made regarding the determination of disablement questions by Medical Boards and Appellate Tribunals.

[Sections 54 & 55]

- (xxv) A new provision is sought to be made to enable the Corporation to take over the administration of medical benefit from the State Government where it becomes necessary or desirable to do so.

- (xxvi) The provisions in Sections 66 and 67 of the Act regarding Corporation's right to recover damages from employers in certain cases and its right to be indemnified in certain cases are sought to be deleted with a view to provide the employers complete insurance cover.

- (xxvii) Sections 87, 88 and 90 of the Act are proposed to be amended to provide for exemption from provision of the Act to be granted with retrospective effect.

- (xxviii) Provision is sought to be made for re-delegation by an officer or subordinate authority, the powers delegated to them by the Corporation or the Standing Committee. This will make the administration of the Scheme more convenient.

[Section 94A]

- (xxix) Schedule I and Schedule II to the Act are proposed to be combined into a new Schedule I. Important changes sought to be made in the Schedules are the following :

- (a) The calculation of the average daily wage for purposes of determining the weekly rate of contribution will be simplified considerably. The average daily wage will be worked out by dividing the standard wage of the insured person by 26, 13, 6 or 1, depending on whether he is monthly rated, fortnightly rated, weekly rated or daily rated. The concept of actual wages drawn and actual days worked in the wage period, is proposed to be dropped.
- (b) Average daily wage will need to be worked only once, in the first wage period, in a contribution period. The same rate will apply for the whole contribution period.
- (c) The number of wage groups for payment of contribution and grant of benefits has been increased from eight to nine to provide for the raise in the wage limit for coverage from Rs. 400 p.m. to Rs. 500 p.m.
- (d) A standard rate of sickness benefit has been fixed corresponding to each wage group. Calculation of the rate of benefit for each individual case will no longer be necessary.
- (e) The rate of disablement and dependants' benefit is proposed to be fixed at 25 per cent over and above the sickness benefit rate.
- (f) The present limitation regarding payment of dependants' benefit to the children upto the age of 15 years, except when they are receiving education, is proposed to be removed. The benefit will now be available to children upto the age of 18 years and also beyond that age if they are infirm.
- (g) The rates of weekly contribution have been rationalized and marginal adjustments have been made in these rates. The revised rates of contributions, as well as of benefits have been rounded off to the nearest multiple of 5 nP.

(h) The following table gives the revised weekly contribution rates and corresponding daily standard benefit rates.

TABLE

Group of employees whose average daily wages are	Employees' Weekly contribution (recoverable from employees)	Employers' Weekly contribution	Total Weekly contribution (employees' & employers' contribution)	Corresponding Daily Standard Benefit Rate
1	2	3	4	5
	P	P	P	P
1. Below Re. 1	Nil	45	45	45
2. Re. 1 & above but below Rs. 1.50	Nil	45	45	65
3. Rs. 1.50 & above but below Rs. 2	25	50	75	90
4. Rs. 2 & above but below Rs. 3	40	80	120	130
5. Rs. 3 & above but below Rs. 4	50	100	150	175
6. Rs. 4 & above but below Rs. 6	70	140	210	250
7. Rs. 6 & above but below Rs. 8	95	190	285	350
8. Rs. 8 & above but below Rs. 15	125	250	375	500
9. Rs. 15 and above	175	350	525	850

(xxx) Schedule I to the Workmen's Compensation Act giving list of injuries deemed to result in Permanent Partial Disablement and the percentage of loss of earning capacity is proposed to be incorporated in the Employees' State Insurance Act as Schedule II.

APPENDIX III

(CHAPTER I, PARA 21)

ORGANISATIONS, MINISTRIES OF CENTRAL GOVERNMENT, STATE GOVERNMENTS AND INDIVIDUALS WHO GAVE REPLIES TO THE QUESTIONNAIRE

I. *Central Employers' Organisations :*

1. All-India Manufacturers' Organisation, Bombay
2. Employers' Federation of India, Bombay
3. All-India Organisation of Industrial Employers, New Delhi

II. *Other Employers' Associations :*

4. Kalyan Ambarnath Manufacturers' Association, Ambarnath
5. Federation of Gujarat Mills and Industries, Baroda
6. Madhya Pradesh Organisation of Industries, Bhopal
7. West Suburban Manufacturers' Association, Bombay
8. Millowners Association, Bombay
9. Merchants Chamber, Bombay
10. Bharat Chamber of Commerce, Calcutta
11. Engineering Association of India, Calcutta
12. Bengal National Chamber of Commerce and Industry, Calcutta
13. Bengal Chamber of Commerce and Industry, Calcutta
14. Indian Non-ferrous Metals Manufacturers' Association, Calcutta
15. South India Millowners' Association, Coimbatore
16. Industrial and Commercial Employers' Association, Gobindgarh
17. Madhya Pradesh Millowners' Association, Indore
18. Registered Factory Owners' Association, Jullundur City
19. J. K. Organisation, Kanpur
20. Birla Industries Association, Patna
21. Bihar Chamber of Commerce, Patna
22. Federation of Andhra Pradesh Chamber of Commerce and Industry, Secunderabad
23. Banaras Employers' Association, Varanasi

III. *Public Sector Undertakings :*

24. Indian Telephone Industries Ltd., Bangalore
25. National Instruments Ltd., Jadavpur, Calcutta
26. Instrumentation Ltd., Kota
27. Damodar Valley Corporation, Maithan
28. National Coal Development Corporation Ltd., Ranchi
29. Hindustan Steel Ltd., P.O. Hinoo, Ranchi
30. National Project Construction Corporation Ltd., New Delhi
31. Bharat Heavy Electricals Ltd., Unit Ramachandrapuram, Hyderabad

IV. Individual Employers :

32. Motor Industries Co. Ltd. (MICO), Bangalore
33. Nav Bharat Steel Rolling Mills, Bombay
34. Kesar Sugar Works Ltd., Goregaon, Bombay
35. Mazagaon Dock Ltd., Bombay
36. May and Baker, Bombay
37. Titaghur Paper Mills Company Ltd., Calcutta
38. Kesoram Industries and Cotton Mills Ltd., Calcutta
39. Steel and Allied Products Ltd., Calcutta
40. Textool Company Ltd., Coimbatore
41. West Coast Paper Mills Ltd., Dandeli
42. Delhi Cloth and General Mills Co. Ltd., Delhi
43. Angu Vilas M. V. Muthaiah Pillai, Dindigul
44. Nand Lal Bhandari Mills Ltd., Indore
45. Maheshwari Devi Jute Mills, Kanpur
46. Orient Iron and Steel Co. (P) Ltd., Lillooah
47. E. I. D. Parry Ltd., Madras
48. Indian Metal and Metallurgical Corporation, Mettur Dam
49. Mettur Industries Ltd., Mettur Dam
50. Central India Spinning, Weaving and Manufacturing Co. Ltd., Nagpur

V. Central Workers Organization :

51. Hind Mazdoor Sabha, Bombay
52. United Trade Union Congress, Calcutta
53. Indian National Trade Union Congress, New Delhi
54. All India Trade Union Congress, New Delhi

VI. Other Workers' Associations/Unions :

55. Textile Labour Association, Ahmedabad
56. Textile Mazdoor Ekta Union, Amritsar
57. Cement Workers Progressive Union, Dalmiapuram
58. Bennet, Coleman & Co. Employee's Union, Delhi
59. E.S.I. Members Welfare Association, Delhi
60. Hinganghat Mazdoor Samiti, Hinganghat
61. Electric Supply Workers Union, Indore
62. Tamilnad Branch of Indian National Trade Union Congress, Madras
63. Simpson and Group Companies Workers' Union, Madras
64. Union of Lucas—T.V.S. Employees, Madras
65. Buckingham and Carnatic Mills Staff Union, Madras
66. Harvey Employees Union, Madurai
67. Rashtriya Mill Mazdoor Sangh, Nagpur
68. General Mazdoor Council, Phagwara
69. Kerala State Branch of I.N.T.U.C., Trivandram
70. Travancore Cochin Chemicals Employees Association, Udyogamandal
71. Papanasam Labour Union, Vickramasingapuram

VII. Medical Associations :

72. Indian Medical Association, Delhi
73. All-India Medical Licentiate Association, Calcutta
74. Local Medical Committee, Amritsar
75. Maharashtra State Integrated Medical Association, Bombay
76. Insurance Medical Practitioners' Association (Ayurvedic), Bombay
77. Rajasthan State Branch of Indian Medical Association, Jaipur
78. Maharashtra State Integrated Medical Association, Poona
79. Maharashtra State Integrated Medical Association, Sholapur

VIII. Central Government Ministries :

80. Ministry of Health, Government of India, New Delhi
81. Ministry of Steel and Mines, Government of India, New Delhi

IX. State Governments :

82. Government of Andhra Pradesh (Labour Department)
83. Government of Assam (Labour Department)
84. Government of Bihar (Labour and Employment Department)
85. Government of Kerala (Health and Labour Department)
86. Government of Madhya Pradesh (Labour Department)
87. Government of Madhya Pradesh (Public Health Department)
88. Government of Maharashtra (Urban Development and Public Health Department)
89. Government of Maharashtra (Industry and Labour Department)
90. Government of Madras (Labour Department)
91. Government of Mysore (Public Health, Labour and Municipal Administration Department)
92. Government of Orissa (Labour and Employment Department)
93. Government of Punjab (Labour and Employment Department)
94. Government of Rajasthan (Medical and Public Health Department)
95. Government of West Bengal (Labour Department)

X. State Labour Commissioners :

96. Labour Commissioner, Delhi Administration, Delhi
97. Labour Commissioner, Andhra Pradesh, Hyderabad

XI. Directors of Health /Medical Services/Surgeons-General/Superintendents of E.S.I. Hospitals and Administrative Medical Officers E.S.I. Scheme :

98. Director of Medical Services, Hyderabad, Andhra Pradesh
99. Director of Health and Medical Services, Medical Department, Ahmedabad, Gujarat
100. Director of Health Services, Government of Kerala
101. Director of Health Services, Indore, Madhya Pradesh
102. Director of Health Services, Government of Orissa
103. Surgeon-General, Government of Maharashtra (Dr. L.D. Thathe)
104. Surgeon-General, Government of Maharashtra (Dr. T. M. Bhandarkar)
105. Deputy Director of Health Services, Kanpur, Uttar Pradesh

106. Assistant Director of Medical Services, Hyderabad, Andhra Pradesh
107. Administrative Medical Officer, Trivandrum, Kerala
108. Administrative Medical Officer, Indore, Madhya Pradesh
109. Administrative Medical Officer, E.S.I. Scheme, Nagpur, Maharashtra
110. Administrative Medical Officer, Bombay, Maharashtra
111. Superintendent, E.S.I. Hospital, Madras
112. Superintendent, Mahatma Gandhi Memorial Hospital, Bombay
113. Superintendent, E.S.I. Hospital, Worli, Bombay

XII. Insurance Medical Officers :

114. Dr. R. W. Thacker, Representing Insurance Medical Officers, E.S.I. Scheme, Ratlam, Madhya Pradesh
115. Dr. (Mrs) B. Narayanamma, Nellimerla, Andhra Pradesh
116. Dr. G. S. Sudershanam, Golconda, Andhra Pradesh
117. Dr. B. Sitaram, Vizianagaram, Andhra Pradesh
118. Dr. G. R. K. Raju, Kakinada, Andhra Pradesh
119. Dr. M. Dada Baig, Markapuram, Andhra Pradesh
120. Dr. K. V. Raghavan Dowlaiswaram, Andhra Pradesh
121. Dr. Y. S. Chowdhary, Guntur, Andhra Pradesh
122. Dr. M. M. Rahman, Vijayawada, Andhra Pradesh
123. Dr. C. L. Narasimha Rao, Sirpur Kagaz Nagar, Andhra Pradesh
124. Dr. M. G. Samba Moorthy, Vijayawada, Andhra Pradesh
125. Dr. M. Ahmed, Patna, Bihar
126. Dr. Sidheswar Parshad Sinha, Sahabad, Bihar
127. Dr. Ramachandra Singh, Patna, Bihar
128. Dr. P.A. Alexander, Quilon, Kerala
129. Dr. N. Gopala Krishna Pillai, Kottayam, Kerala
130. Dr. S. V. Chandram, Kottankara, Kerala
131. Dr. P. V. George, Kundara, Kerala
132. Insurance Medical Officer, E.S.I. Dispensary, Trichur, Kerala
133. Insurance Medical Officer, E.S.I. Dispensary, Chathannur, Kerala
134. Dr. C. Chinnan, Trivandrum, Kerala
135. Dr. C. V. Narayan Iyer, Kozhikhode, Kerala
136. Insurance Medical Officer, E.S.I. Dispensary, Feroke, Kerala
137. Insurance Medical Officer, E.S.I. Dispensary, Chervannoor, Kerala
138. Dr. M.A. Achathan, Calicut, Kerala
139. Dr. A. Joseph, Quilon, Kerala
140. Insurance Medical Officer, E.S.I. Dispensary, Paritheswaran, Kerala
141. Insurance Medical Officer, E.S.I. Dispensary, Palaghat, Kerala
142. Insurance Medical Officer, E.S.I. Dispensary, Nagercoil
143. Insurance Medical Officer, E.S.I. Dispensary, Alwaye, Kerala
144. Dr. Aleyamma Korah, Quilon, Kerala
145. Dr. K. K. Keshwani, Alleppey, Kerala
146. Dr. B. Dixit, Raigarh, Madhya Pradesh
147. Dr. L. P. Chaturvedi, Jabalpur, Madhya Pradesh
148. Dr. A. S. Selvaraj, Coimbatore, Madras State

149. Dr. D. Devadas, Salem, Madras State
150. Insurance Medical Officer, E.S.I. Dispensary, Mettupalayam, Madras State
151. Dr. S. Dharma Raj, Coimbatore, Madras State
152. Insurance Medical Officer, E.S.I. Dispensary, Madurai, Madras State
153. Dr. R. A. Rahman, Coimbatore, Madras State
154. Dr. G. V. Seshawareyanam, Tiruchirapalli, Madras State
155. Insurance Medical Officer, E.S.I. Dispensary, Alagappanagar, Madras State
156. Dr. S. Subrahmaniam, Pollachi, Madras State
157. Dr. Sudarsana Reddy, Pollachi, Madras State
158. Insurance Medical Officer, E.S.I. Dispensary, Saidapet, Madras State
159. Dr. K. S. Varadaraju, Saidapet, Madras
160. Dr. T. N. Sundarajulu, Madurai, Madras State
161. Dr. K. Krishna Murthy, Shencottah, Mysore
162. Dr. S. Ganapathy Sundaram, Shencottah, Mysore
163. Dr. Radha Mohan Misra, Rajganjpur, Orissa
164. Dr. S. S. Bhatnagar, Bhiwani, Punjab
165. Dr. Harbans Lal, Sonapat, Punjab
166. Dr. Ved Prakash, Dhariwal, Punjab
167. Dr. T. N. Rai, Jodhpur, Rajasthan
168. Dr. V. S. Rai, Jodhpur, Rajasthan

XIII. Insurance Medical Practitioners and their Associations :

169. Dr. Gurcharan Singh Kalra, President, Insurance Medical Practitioners Association, Amritsar, Punjab
170. Shri V. Sriramalu, Honorary Secretary, Association of Employees' State Insurance Medical Practitioners, Coimbatore, Madras State
171. Dr. P. Ghosal, Secretary, Local Medical Committee, Howrah, West Bengal
172. Dr. S. V. Appaji, Insurance Medical Practitioner, Coimbatore, Madras State
173. Dr. J. Bernet, Insurance Medical Practitioner, Coimbatore, Madras State
174. Dr. A. J. Shelat, Editor, Panel 'Practitioner', Bombay, Maharashtra

XIV. Regional Boards, Individual Members of Regional Boards/Local Committees :

175. Employees' State Insurance Regional Board, Kerala
176. Dr. A. George, Chandayamuny, Member, E.S.I. Regional Board, Kerala
177. Shri S. R. Gupta, Member, E.S.I. Regional Board, Madhya Pradesh
178. Shri I. M. Parikh, Member, E.S.I. Local Committee, Nagda, Madhya Pradesh
179. Shri A. K. Bose, Member, E.S.I. Local Committee, Varanasi, Uttar Pradesh
180. Dr. S. R. Sengupta, Member, E.S.I. Local Committee, Calcutta, West Bengal

XV. Regional Directors/Deputy Insurance Commissioner of Employees' State Insurance Corporation

181. Shri S. Narayan, Regional Director, Calcutta, West Bengal
182. Shri R. K. Aggarwal, Regional Director, Bombay, Maharashtra
183. Shri V. A. Mutatkar, Regional Director, Ahmedabad, Gujarat

184. Shri I. C. Sarin, Regional Director, Kanpur, Uttar Pradesh
185. Shri D. D. Sethi, Deputy Insurance Commissioner, New Delhi
186. Shri K. C. Aggarwal, Regional Director, Bangalore, Mysore
187. Shri N. B. Vyas, Regional Director, Gauhati, Assam

XVI. *Other Employees of the Employees' State Insurance Corporation and their Unions/Associations :*

188. All India Employees' State Insurance Corporation Employees' Federation, Madras
189. Shri M. P. Kshirsagar, Medical Referee, Nagpur
190. Shri B. C. Bhasin, Assistant Regional Director, Amritsar
191. Shri P. P. Rastogi, Deputy Assistant Accounts Officer, Amritsar
192. Shri Gopal Chintaman Gore, Dy. Assistant Accounts Officer, Hyderabad
193. Shri B. D. Bhalla, Manager, Local Office, Akola
194. Shri T. K. Sankaran Nambiar, Manager, Local Office, Alleppey
195. Shri M. C. Rastogi, Manager, Local Office, Bangalore
196. Shri V. E. Thomas, Manager, Local Office, Kundara
197. Shri Amarnath, Manager, Local Office, Cuttack
198. Shri J. R. Verma, Manager, Local Office, Kathihar
199. Shri D. P. Aggarwal, Manager, Local Office, Mattancherry
200. Shri K. L. Gupta, Manager, Local Office, Phagwara
201. Shri Bansi Dhar, Manager, Local Office, Ratlam
202. Shri K. M. Singh, Manager, Local Office, Rajnandgaon
203. Shri A. P. Begi, Manager, Local Office, Sholapur
204. Shri Bakhshish Rai, Manager, Local Office, Sonapat
205. Shri B. B. Biswas, Manager, Local Office, Titaghar
206. Shri S. Jankiraman, Manager, Local Office, Trivandrum
207. Shri M. V. Ramana Rao, Manager, Local Office, Satyanarayanapuram, Vijayawada
208. Shri A. S. Rawat, Manager, Local Office, Mysore
209. Shri G. C. Datta, Regional Office, Patna
210. Shri M. P. Lele, Local Office, Kalyan, Maharashtra
211. Shri M. Kasturi, Local Office, Chittivalasa
212. Shri Bede Augustine Rodrigues, Local Office, Quilon
213. Shri P. V. R. Seshagiri Rao, Local Office, Warangal

XVII. *Other Individuals/Institutions, Societies and Associations :*

214. Shri V. V. Giri, Governor of Mysore
215. Dr. S. V. Bhatt, Honorary General Secretary, Society for the study of Industrial Medicine, India, Bombay
216. Shri B. R. Dangi, Secretary, National Institute of Labour Management, Bombay
217. Shri V. S. Murti, Head of the Department of Public Administration and Local Self Government, Nagpur University, Nagpur
218. Shri B. P. Kaushik, representing the Employees of Ahdalpura Dispensary, Awantipura, Naigali, Ujjain
219. Prof. K. S. Sanjivi, M. D., Medical College, Madras
220. Professor Rao Bhadur M. Vaidyanathan, Madras

221. Dr. J. C. Savarirayan, Medical Superintendent, S. M. Hospital, Ranipet, Madras
222. Dr. J. Sachdev, Dean, Medical College, Jabalpur
223. Dr. M. P. Vora, Honorary Senior Venerologist, St. George's Hospital, Bombay
224. Dr. B. A. Daruvala, M. B., D. V. D., Colaba, Bombay
225. Dr. K. H. Joshi, Dadar, Bombay
226. Dr. B. Banerjee, Chief Medical Officer, Hindustan Lever Ltd., Bombay
227. M. R. Acharya, Research Student, Department of Public Administration, Nagpur University, Nagpur
228. Dr. N. S. Parekh, M.A., Podar Hospital, Worli, Bombay
229. Shri Jagdish Saksena "Raj" M. H. H. M. D. S., Ministry of Railways, New Delhi
230. Dr. M. L. Kapoor, Former Medical Referee, Amritsar
231. Shri N. P. Asthana, J. K. Oil Mills Co.Ltd., Kanpur
232. Dr. M. D. Barve, Retired Administrative Medical Officer, Nagpur



{APPENDIX IV

(CHAPTER I, PARA 21)

LIST OF ORGANISATIONS/INDIVIDUALS WHICH SUBMITTED WRITTEN MEMORANDUM TO THE COMMITTEE

1. All-India Manufacturers' Organisation, Gujarat State Board, Ahmedabad
2. The Mysore Chambers of Commerce, Bangalore
3. Millowners' Association, Ahmedabad
4. Uttar Pradesh Industries Association, Lucknow
5. Reliable Water Supply Service of India (Private) Ltd., Lucknow
6. Everest Cycles Limited, Gauhati
7. Steelsworth Private Limited, Gauhati
8. The Orient Iron and Steel Co. (P) Ltd. Lillooah, West Bengal
9. Shri M. P. Desai, Maize Products, Ahmedabad
10. General Secretary, Indian National Trade Union Congress, Assam Branch, Gauhati
11. Indian National Trade Union Congress, Gujarat Branch, Ahmedabad
12. Joint Memorandum of the West Bengal Committees of All-India Trade Union Congress and United Trade Union Congress, Calcutta
13. Secretary, Hind Mazdoor Sabha, Calcutta
14. Secretary, Hind Mazdoor Sabha, Uttar Pradesh Branch, Kanpur
15. The Karnataka Pradesh Trade Union Congress and other Trade Unions (State Branch of All-India Trade Union Congress), Bangalore
16. Rashtriya Mill Mazdoor Sangh, Nagpur
17. The National Cement Workers' Union, Madukkarai, Coimbatore District
18. Air Corporation Employees' Union, Calcutta
19. Assam State Electricity Workers' Union, Shillong
20. Refinery Workers' Union, Gauhati
21. Assam State Electric Supply Workers' Union, Gauhati
22. Joint Memorandum by (i) President, Dewars' Garage Workers' Union, Jorhat (ii) President, Jorhat Automobile and Engineering Workers' Union, Jorhat and (iii) President, Jorhat Jilla Press Karamachari Sangha, Jorhat, Assam
23. Hyderabad Asbestos Cement Workers' Union, Hyderabad
24. Cement Workers' Union, Dalmiapuram, Madras
25. The Employees of the Assam Printing Works (Private) Ltd., Jorhat, Assam
26. N. M. M. Employees' Union, Kalwa, Maharashtra
27. Shri P. J. Joseph and Shri T. T. Lewis, Indian National Trade Union Congress, Alleppy, Kerala
28. Secretary, Indian Medical Association, Kanpur Branch, Kanpur
29. Indian Medical Association, Bangalore Branch, Bangalore
30. Maharashtra State Integrated Medical Association, Bombay Branch, Bombay
31. Bengal Chemists' and Druggists' Association, Calcutta
32. Kerala Ayurveda Mandalam, Perambavoor, Kerala

33. Ahmedabad Medical Society (Branch of the Indian Medical Association), Ahmedabad
34. All-India Medical Licentiates' Association, Maharashtra State Branch, Bombay
35. Dr. R. G. Deshmukh, Administrative Medical Officer, E. S. I. Scheme, Madhya Pradesh, Indore
36. Association of Employees' State Insurance Medical Practitioners, Coimbatore
37. Shri R. S. Agrawal, Judge, Employees Insurance Court, Kanpur
38. Insurance Medical Officer, Nazagamandal, Trivandrum, Kerala
39. Maharashtra State Integrated Medical Association, Central Council, Poona
40. Shri S. Jankiraman, Manager, Local Office, E. S. I. Corporation, Trivandrum
41. Dr. Deben Ghose, Calcutta
42. Dr. B. A. Daruvala, Bombay
43. Shri M. R. Acharya, Nagpur University, Nagpur
44. Employees' State Insurance Corporation Employees' Union, Bombay Region, Bombay
45. Secretary, All-India Trade Union Congress, New Delhi
46. Shri J. Josephath, Manager, Local Office, ESI Corporation, Tondiarpet, Madras



APPENDIX V
(CHAPTER I, PARA 25)

**LIST OF CENTRES VISITED BY THE COMMITTEE FOR RECORDING
ORAL EVIDENCE**

Sl. No.	State	Centre	Dates
1	Madras . . .	Coimbatore Madras	11th January, 1965 12th to 15th January, 1965
2	Kerala . . .	Trivandrum Ernakulam	16th January, 1965 18th January, 1965
3	West Bengal . .	Calcutta	2nd to 4th February, 1965
4	Assam . . .	Shillong Gauhati	5th February, 1965 6th February, 1965
5	Uttar Pradesh	Kanpur Lucknow	4th & 5th March, 1965 6th March, 1965
6	Gujarat . . .	Ahmedabad	9th & 10th April, 1965
7	Maharashtra	Bombay	15th to 17th April, 1965
8	Andhra Pradesh	Hyderabad	24th & 25th May, 1965
9	Mysore . . .	Bangalore	26th & 27th May, 1965 28th & 29th June, 1965
10	Delhi . . .	Delhi	11th to 14th August, 1965

APPENDIX VI

(CHAPTER I, PARA 25)

LIST OF ORGANISATIONS/INDIVIDUALS WHO GAVE ORAL EVIDENCE

Date	Place	Name of the Organisation/Individual	Representative (s) of Organisation
1	2	3	4
11th January, 1965	Coimbatore	1. Southern India Millowners' Association, Coimbatore 2. Indian National Trade Union Congress, Local Branch, Coimbatore 3. Indian National Trade Union Congress, Local Branch, Salem 4. Indian National Trade Union Congress, Local Branch, Mettur 5. (i) Mettur Mill Workers Union (ii) Coimbatore District Textile Workers Union 6. All India Trade Union Congress 7. Local Unit of the Indian Medical Association, Coimbatore 8. Local Unit of the Indian Medical Association, Coimbatore	Shri S. R. Krishna Moorthy Shri K. Ramaswamy Naidu Shri P. L. Subhiah Shri C. N. Ramaswamy Shri N. Nagarajan Shri P. Thangaraj Shri M. Kalyanasundran Shri A. Subramanian Com. Parvati Krishnan Dr. V. Sri Ramulu Dr. N. R. Narayanaswamy Dr. S. G. Rajanathan Dr. A. S. Selvaraj Dr. V. Srinivasan
12th January, 1965	Madras	1. E. I. D. Parry Group	Shri R. Ramanujam Dr. C. K. Ramachandra Shri L. J. Fernandez

2. Western India Match Co. Ltd.,
Madras

Shri G. V. Subha Rao

3. Dr. K. S. Sanjivi, Professor Emeritus in
Medicine, Medical College

4. Dr. E. R. Menon, Ex-Supt., E. S. I.
Hospital

13th January, 1965

• Madras

5. Indian National Trade Union Congress,
Tamilnad Branch

Shri S. M. Narayanan

Shri R. Rangaswamy

6. Buckingham and Carnatic Mills Staff
Union

Shri V. Rajagopala Menon

Shri Daniel Dorairaj

7. Shri J. Josephath, Manager, Local
Office, E. S. I. C.

8. Tamilnad E. S. I. Hospitals, Dispensaries
and Offices Employees Union

Shri S. D. Thiruthurdas

Shri N. Ramakrishnan

Shri Rama Lingam

9. Indian Medical Association (Madras
Branch)

Dr. D. Damodardas

Dr. R. G. Krishnan

15th January, 1965

• do

10. Madras State Government

Shri R. Thirumalai, I. A. S., Secretary,

Public Works Department

Shri T. S. Sankaran, I. A. S., Joint Secre-

tary, Labour Department

Shri M. G. Balasubramanian, I. A. S.,

Commissioner of Labour

Dr. (Miss) A. B. Marikar, Director of Me-

dical Services

Shri A. Somasundaram, Regional Provi-

dent Fund Commissioner

Dr. P. S. Kumaravelu, Assistant Director

of Medical Services, E. S. I.

11. Harvey's Employees' Union, Harvey
Mills, Madurai (representing Clerical
employees)

Shri A. Rangarajan

Shri N. B. Teekaram

1	2	3	4
16th January, 1965	Trivandrum	<p>12. (i) Hind Mazdoor Sabha (State Council) (ii) Spencers Workers Union</p> <p>13. Hind Mazdoor Sabha (Madras City Council)</p> <p>14. Hind Mazdoor Sabha</p> <p>15. All India E. S. I. C. Employees' Federation</p>	<p>Shri V. K. Rajagopalan</p> <p>Shri G. Balaram</p> <p>Shri S. C. C. Anthoni Pillai</p> <p>Shri K. A. Venkataraman</p> <p>Shri D. R. M. Krishnan</p> <p>Shri G. Venkataraman</p>
18th January, 1965	Ernakulam	<p>1. Kerala State Government</p> <p>2. Indian Medical Association</p> <p>3. Indian National Trade Union Congress (Kerala State Branch)</p> <p>4. Indian National Trade Union Congress (Trivandrum District)</p> <p>5. Titanium Products Labour Union (I. N. T. U. C.)</p> <p>6. Travancore Rubber Works Ltd. . . .</p> <p>7. Shri S. Jankiraman, Manager, Local Office, E.S.I.C.</p> <p>1. All India Manufacturers Organisation (Kerala State Board)</p>	<p>Shri Govind Narain, Advisor to the Governor</p> <p>Shri A. S. Menon, Secretary, Health and Labour Department</p> <p>Dr. S. Padmanabha Pillai, Administrative Medical Officer</p> <p>Dr. T. C. Joseph</p> <p>Dr. C. O. Karunakaran</p> <p>Shri C. M. Stephen</p> <p>Shri R. Gangadharan Nair</p> <p>Shri A. Venkatachalam</p> <p>Shri K. G. Unithan</p> <p>Shri P. Kesavan</p>

2. West Coast Employers Federation	Shri P. Sethuram Shri S. A. Shaben Shri C. R. Pillai Shri S. A. Shakur Shri G. S. Dhara Singh
3. Indian Aluminium Co. Ltd., Alupuram	Shri M. V. Joseph Shri K. M. Parced
4. Volkart Brothers (India), Cochin	Shri V. Annathanarayan Iyer
5. Indian National Trade Union Congress (Kerala State Branch)	Shri P. V. Sankaranarayanan
6. Indian National Trade Union Congress (District Unit)	Shri S. C. S. Menon
7. Indian National Trade Union Congress (Alleppey Unit)	Shri S. F. Britto
8. Indian National Trade Union Congress (Malabar Unit)	Dr. V. B. Muhamed Dr. Mathew George
9. Employees' Union of Travancore Cochin, Aluminium Industries, Fertilizers and Chemicals (Travancore) Ltd. and Member Local Committee.	Shri K. Sreedharan Shri Poruthiyil Shri Narayanan Vydvar Shri P. S. Varier Shri K. V. Sastri
10. Mercantile Employees' Association, Calicut	Shri S. K. Asthana Shri P. R. Bagri
11. Indian Medical Association (Cochin Branch)	Shri S. K. Mukherjee Shri S. B. Dutt Shri J. Gupta Shri Chittaranjan Dass
12. Kerala Ayurvedic Mandal	
2nd February, 1965	1. Engineering Association of India
Calcutta	2. Bengal National Chamber of Commerce and Industry

1	2	3	4
			Shri B. S. Dua Shri R. S. Sharma Shri M. L. Shah Shri K. L. Dhandhanian Shri G. R. Ayer Shri D. Jha Shri M. Ghose Shri R. L. Moitra Shri S. K. Sen Shri P. M. Dutta Shri Bhagwati Prasad Poddar Shri Profulla Nath Basu Shri H. Rama Ratnam Shri K. D. Sen Shri Y. Misra Shri M. S. Mathur
		3. Indian Chamber of Commerce . . .	Dr. (Mrs.) Maitreyee Bose Dr. N. Banerjee Dr. Debesh Mukherjee Dr. K. K. Das Dr. A. Chakravarty Dr. S. Sen Gupta Dr. N. Bhattacharjee Dr. S. K. Bose Dr. P. Ghoshal
		4. Bharat Chamber of Commerce and Industry	
		5. Employers' Association . . .	
		6. All India Organisation of Manufacturers' (West Bengal State Board)	
		7. Jyoti Weaving Factory (P) Ltd. . .	
		8. Bengal Potteries Ltd. . .	
		9. Orient General Industries Ltd. . .	
3rd February, 1965	Calcutta . .	10. Indian National Trade Union Congress	
		11. Indian Medical Association (Bengal Branch)	
		12. All India Medical Licentiate's Association (Bengal Branch)	
		13. Local Medical Committee, Howrah III	
		14. Dr. Deben Ghose	
		15. Dr. B. K. Bannerjee	
4th February, 1965	do . .	16. West Bengal State Government . .	Shri S. M. Bhattacharjee, Secretary, Labour Department

Shri A. S. Nag, Deputy Secretary, Labour Department
 Shri Sukhamay Ganguli, Assistant Secretary, Labour Department
 Dr. Rabindra Nath Guha Majumdar, Special Officer, E. S. I. (M.B.) Scheme
 Dr. B. C. Basak, A. M. O., E.S.I. (M.B.) Scheme

Shri Manoranjan Roy
 Shri T. N. Siddhanta
 Shri Jatin Chakravarty
 Shri Phani Ghosh
 Shri Bimal Banerjee
 Shri Bibhas Ghosh
 Shri N. Banerjee
 Shri T. V. S. Chary
 Shri S. L. Hans
 Shri J. M. Kar
 Shri H. R. Dutta
 Shri Bhupen Dey
 Shri P. Guha

Shri B. Mukherjee, Health Minister
 Shri M. E. S. P. John Parry, Secretary, Labour Department
 Shri G. C. Phukan, Secretary, Health Department
 Shri B. P. Dhar, Labour Commissioner
 Shri P. Sengupta, Under Secretary, Labour Department
 Dr. M. T. Jahan, Administrative Medical Officer, E. S. I. Scheme
 Shri N. B. Vyas, Regional Director, E. S. I. C., Gauhati

17. All India Trade Union Congress (West Bengal Committee)
18. United Trade Union Congress
19. Hind Mazdoor Sabha
20. Indian Airlines Corporation
21. Air Corporation Employees' Union
22. Bengal Chemist's and Druggists' Association
23. Shri B. B. Biswas
1. Assam State Government

5th February, 1965

Shillong

1	2	3	4
6th February, 1965	Gauhati	2. Indian National Trade Union Congress (Assam Branch) 1. Assam Manufacturers' Association 2. Indian National Trade Union Congress (Assam Branch)	Shri S. Bardolai, M.L.A. Shri N. S. Kothari Shri P. K. B. Waid Shri S. Bardolai, M.L.A. Shri Jagannath Singh Shri A. C. Saikia Shri K. P. Sharma Shri B. B. Singh Shri A. Sharma Shri J. Hazandka Shri A. Deka Shri D. Saikia Shri L. Kshetry
4th March, 1965	Kanpur	3. Everest Cycle Ltd. 1. Employers Association of Northern India 2. Uttar Pradesh Merchants Chamber of Commerce 3. Banaras Employers Association, Varanasi 4. The Cawnpore Chemical Works (Pvt) Ltd. 5. Indian Medical Association (Kanpur Branch) 6. Shri J. N. Tewari, Labour Commissioner, Government of Uttar Pradesh 7. Shri R. S. Agarwal, Judge, E. I. Court	Shri B. Mukerjee Shri B. S. Agarwal Shri B. S. Agarwal Shri R. K. Agarwal Shri Ramesh Ji Dhawan Dr. H. N. Shivpuri Dr. S. N. Saxena Dr. Navin Chandra Dr. B. K. Kapur

8. Dr. Pratap Bahadur, Deputy Director,
Medical and Health Services (ESI)

9. Indian National Trade Union Congress
(U. P. Branch)

10. Textile Labour Association

11. Suti Mill Mazdoor Sabha

12. Hind Mazdoor Sabha (Kanpur Branch)

13. U. P. Trade Union Congress

14. Medical Officers of the E. S. I. Corpora-
tion

15. Officers of the E. S. I. Corporation

6th March, 1965 . . . Lucknow . . .

1. Uttar Pradesh Government . . .

Shri Uma Shankar, Secretary, Labour De-
partment

Dr. D. N. Sharma, Director of Health Ser-
vices

Dr. Pratap Bahadur, Deputy Director of
Medical and Health Services (E.S.I.)

2. Uttar Pradesh Industries Association

Shri B. P. Halwasiya

Shri Ram Monohar

Shri Sajjan Kumar Vaid

Shri R. S. Kalra

Shri T. Sahai

Shri Kishan Chand

Shri Prabhakar Tripathi
Shri R. P. Kubhnatha
Shri Arjan Arora, M.P.
Shri Ram Lakhan

Shri Maqbool Ahmad Khan

Shri M. N. Chaturvedi

Shri Shiv Sharma

Dr. Mahesh Chandra

Dr. S. N. Bose

Dr. B. L. Aggarwal

Dr. G. K. Agnihotri

Dr. G. K. Misra

Dr. Thapar

Shri K. N. Rajpal

Shri G. C. Sikoria

Shri M. L. Bhandula

Shri S. P. Pandey

Dr. A. Chakravarty



- Shri V. C. Thakore, Deputy Secretary,
Panchayats and Health Department
Shri Madan Mohan Das Mangaldas, Chair-
man, Housing Board
Shri B. V. Patel, Director, Drugs Control
Administration
Shri R. G. Bhatt, Executive Engineer
Shri D. R. Vaidya, Deputy Director, Medical
Services, E.S.I.S.
Shri C. R. Gandhi, Asstt. Director of Medi-
cal Services (E.S.I.S.)
Shri K. M. Bhatt, S. Land Requisition
Officer (E.S.I.S.)
Shri A. V. Jadav, Finance Department
Shri Chinubhai Chimanlal
Shri Harshvadan Mangaldas
Dr. Bihari Lal Kanaiyalal
Shri H. G. Acharya
Shri Rasiklal C. Nagri
Shri Chandrakant Bakubhai
Shri Bipinbhai V. Mehta
Shri Manubhai L. Parikh
Shri Hashmukhbhai C. Broker
Shri Manubhai L. Shah
Shri Hashmukhbhai C. Shah
Shri Chinubhai Manibhai
Shri Mahesh P. Shukla
Shri M. P. Desai
Shri K. S. Aneja
Shri Madhu Kumar P. Desai
Shri Harim R. Desai
Dr. S. C. Kusumgar
Dr. H. R. Vyas
Dr. Ranjan K. Nanavaty
Dr. R. A. Hakim
4. Ahmedabad Millowners' Association
5. All India Manufacturers' Organisation
(Gajarat State Board)
6. Maize Products Ltd.
7. Ahmedabad Medical Society (Indian
Medical Association)

1

2

3

4

8. All India Medical Licentiates' Association (Ahmedabad Branch)
9. Gujarat Pradesh Vaidya Mandal
10. Shri V. A. Mutatkar, Regional Director, E.S.I. Corporation

Dr. A. P. Shukla
Dr. P. R. Trivedi
Shri Govind Prasad Vaidya

16th April, 1965

Bombay

1. Maharashtra State Government (Public Health Department)

Shri P. J. Chinnulgund, Secretary, Urban Development and Public Health Department

Dr. D. V. Bapat, Administrative Medical Officer, E.S.I. Scheme, Bombay,
Dr. R. M. Nadkarni, Administrative Medical Officer, ESIS, Western Region, Poona

Dr. G. D. Pimpalkar, Administrative Medical Officer, ESI Scheme, Vidarbha, Nagpur
Shri H. P. Merchant

2. All India Manufacturers' Organisation

Shri P. V. Shah

Shri Ajit Bhimani

Shri L. V. Bansed

Shri P. A. Desai

Shri Pratap Bhogilal

Shri M. S. Warty

Shri D. P. Taori

Shri P. M. Mantri

Shri J. L. Gore

Shri T. Mathew

Shri L. C. Joshi

Shri V. K. Alexander

Shri K. S. Mehta

Shri R. K. Kuty

Shri C. M. Shukla

Shri N. B. Khory

Shri B. Banerji

5. Bombay Chamber of Commerce



6. Maharashtra Chamber of Commerce
 Shri L. C. Joshi
 Shri T. L. A. Acharya
 Dr. J. N. Rane
 Shri K. S. Mehta
 Shri S. M. Ankalekar
 Shri R. G. Moladikar
7. Powai Saki Industrial area Welfare Com-
 mittee
 Shri M. P. Khambata
 Shri T. P. Seltina
 Shri S. D. Marathe
8. Silk and Art Silk Mills Association
 Shri D. P. Ketkar
9. Indian Medical Association
 Dr. K. M. Thakar
 Dr. M. D. Panchmia
 Dr. M. G. Bhide
 Dr. A. D. Daftary
 Dr. S. C. Sheth
10. All India Medical Licentiate's Associa-
 tion
 Dr. C. K. Dhairya
 Dr. N. R. Purandar
 Dr. G. A. Save
 Dr. B. M. Godkle
 Dr. T. K. Thaker
11. Maharashtra State Integrated Medical
 Association
 Dr. P. N. Awasthi
12. Maharashtra State Integrated Medical
 Association (Bombay Branch)
 Dr. Anant B. Chamankar
 Dr. S. N. Purandave
13. Maharashtra State Integrated Medical
 Association (Central Council, Poona)
 Dr. M. S. Deshpande
 Dr. S. P. Kinjawadekar
 Dr. S. N. Shelly
14. Insurance Medical Practitioners' Asso-
 ciation
 Dr. Choudhari A. L.
 Dr. Managekar D. S.
 Dr. Desai B. N.
 Dr. Kulkarni S. S.
 Dr. Desai C. N.
 Dr. Miss Gupte P. R.
 Dr. Oza N. C.

1	2	3	4
17th April, 1965	Bombay	15. Indian Medical Practitioner's Association (Ayurvedic)	Dr. K. H. Joshi Dr. A. M. Kant Dr. T. M. Shivjani Dr. J. D. Prabhus
		16. Maharashtra State Government.	Shri M. V. Rajwade, Secretary, Industries & Labour Deptt. Shri G. D. Kale, Commissioner of Labour Dr. L. D. Thatte, Deputy Director of Medical Services (ESIS) Shri P. M. Bhandarkar, Surgeon General Dr. D. V. Bapat, Administrative Medical Officer (ESIS) Dr. R. M. Nadkarni, Administrative Medical Officer (ESIS), Poona Dr. G. D. Pimpalkar, Administrative Medical Officer (ESIS), Vidarbha
		17. Hindustan Sheet Metal Works	Shri Manghanlal Jadwani
		18. Indian National Trade Union Congress	Shri Hoshing U. R. Shri Kulkarni Raja Miss E. D'Souza Shri Manohar Bandiwdekar
		19. Hind Mazdoor Sabha	Shri Vasant Kulkarni Shri Kisan Tulpule
		20. All India Trade Union Congress	Shri V. D. Deshpande Shri S. G. Patkar Shri S. T. Yarghi
		21. National Machinery Manufacturing Employees' Union	Shri K. A. Mahadalkar Shri A. H. Premi

Shri S. G. Samant
Shri Chandrakant Sule

22. Society for the study of Industrial Medicine—India

23. Insurance Medical Practitioners' Association (Ayurvedic)

24. Dr. Madhukar A. Ranade, Insurance Medical Practitioner.

25. "Panel Practitioner"

Dr. A. J. Shelat
Dr. M. S. Doraswamy
Dr. G. D. Panjabi
Dr. A. D. Narde
Dr. G. S. Parikh

26. Dr. M. P. Vora, Venereologist

27. Dr. B. A. Daruwala, Venereologist

24th May, 1965 . . . Hyderabad

1. Federation of Andhra Pradesh Chamber of Commerce and Industry

Shri A. N. Rajgopal
Shri A. K. Mukarjee
Shri M. S. Nilakantan
Shri R. S. Agarwal
Shri Guru Parsad
Shri Narshima Rao
Shri C. A. Rabello

2. Simpson Group Union

Shri K. Gurumurthi
Shri C. S. U. Naidu
Shri S. Ramamurti

3. Indian Medical Association (Andhra Pradesh Branch)

Dr. M. Vasudeva Rao
Dr. D. Narasimha Rao
Dr. B. A. Ranga Rao
Dr. D. Ramanath
Dr. K. Rangacharyulu

4. Shri A. P. Sherratt, Auto Mechanical Corporation, Musherabad

25th May, 1965 . . . Hyderabad . . . 5. Andhra Pradesh Government . . .

Shri K. B. Lal, Secretary, H.H. & M.A.
 Shri L. N. Gupta, Secretary, Planning
 Department
 Shri T. N. Capoor, Deputy Secretary, Home
 Department (Labour)
 Shri Bharat Chand Khanna, Commissioner
 of Labour
 Dr. A.T.M. Abdul Khader, Director of
 Medical Services
 Shri G. Hanumantha Reddi, Special Officer,
 Indian Medicine Department
 Shri C. Krishna Reddi, Chief Engineer
 (Buildings)
 Shri M. Seshumadhava Rao, Superintending
 Engineer
 Dr. P. Seshagiri Rao, Asstt. Director of
 Medical Services (ESI)
 Shri A. Ramana Rao, Junior Asstt. C.E.E.
 (Board)



6. Indian National Trade Union Congress
 (Andhra Pradesh Branch)

Shri S. M. Ramaswamy
 Shri P. Veeerasham
 Shri M. Narsimloo
 Shri Ch. Subha Rao
 Shri N. Nawaz Khan
 Shri V. V. Subha Rao

26th May, 1965 . . . Bangalore . . . 1. Mysore State Government . . .

Shri Nagappa Alva, Health Minister
 Shri N. S. Ramachandran, Labour Secretary
 Shri Damangi L. A., Deputy Secretary,
 L.H.S.
 Dr. Lakhshmana Rao, Administrative Medi-
 cal Officer (ESIS)

2. Shri K. C. Aggarwal, Regional Director, E.S.I.C.				Shri N. Keshava Shri D. Venkatesh Shri D. N. Krishna Reddy Shri D. N. Krishna Reddy Shri K. Rajagopal Shri V. Sramulu Shri M. S. Rama Rao
3. Indian National Trade Union Congress				Shri M. S. Krishnan Shri M. K. S. Iyengar
4. K. E. Company Employees' Association				Dr. N. R. Narayan Dr. R. Rangachar Dr. M. S. Rama Rao Dr. M. A. Naranmahachar Dr. K. Thimmappiah
5. H. M. T. Employees' Association				
6. Bharat Electronics Employees' Union				
7. Bangalore District Engineering Workers' Union				Shri G. Ramanand Shri D. Sethu Rao Shri J. Krishnan
8. Karnatak Pradesh Trade Union Congress				Shri V. N. Rajan, ICS, Director General
9. Minerva and Mysore Mills Staff Association				
10. Indian Medical Association (Mysore Branch)				Shri Ganga Ram Tewari
27th May, 1965	Bangalore			
11. Shri G. V. Narayana Rao, Personnel Officer, Bangalore Woollen, Cotton and Silk Mills Co. Ltd.				
12. Imperial Tobacco Co. of India Workers' Association				
28th June, 1965	do.			
1. Employees' State Insurance Corporation				
29th June, 1965	do.			
1. Shri V. V. Giri, Governor of Mysore				
12th August, 1965	New Delhi			
1. Indian National Trade Union Congress (Madhya Pradesh Branch)				

4

3

2

1

14th August, 1965 • • New Delhi

1. Rajasthan State Government • Shri T. C. Jain, Deputy Labour Commissioner (Welfare)
Dr. D. N. Rai, Asstt. Director Medical and Health (ESIS)
2. Madhya Pradesh State Government • Dr. R. G. Deshmukh, Administrative Medical Officer (E.S.I.)
3. Punjab State Government • • Dr. P. N. Duggal, Asstt. Director, Health Services
4. All India Trade Union Congress • Shri S. A. Dange
Shri Ranen Sen
Shrimati P. Krishnan
Shri K. G. Srivastava
Shri Satish Loomba
Shri Bal Kishen
5. Textile Mazdoor Sangh (I.N.T.U.C.), Delhi • Shri Ram Swarup Sharma
Shri Ram Singh Chauhan
Shri P. N. Bhargava
6. Indian Medical Association, New Delhi • Dr. Ved Parkash
Dr. Deben Ghosh
Dr. Debesh Mukerjee
Dr. D. S. Mehra
Dr. A. P. Shukla
Dr. H. N. Shivpuri
Dr. P. C. Bhatia

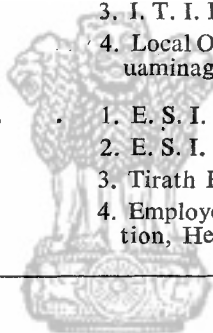
APPENDIX VII

(CHAPTER PARA 28)

LIST OF E. S. I. INSTALLATIONS INSPECTED BY THE COMMITTEE

Date	Place	E. S. I. Installation
11-1-65	Coimbatore . . .	1. E. S. I. Dispensary, Singanallur 2. Clinic of Dr. N. Subian, I. M. P. 3. E. S. I. Hospital, Singanallur
12-1-65	Madras . . .	1. E. S. I. Dispensary, Perambur 2. E. S. I. Hospital 3. Local Office, Mount Road
2-2-65	Calcutta . . .	1. Office of the Administrative Medical Officer
3-2-65	Calcutta . . .	2. E. S. I. Hospital, Kamarhati 3. E. S. I. Local Office, Baranagar 4. Bon-Hooghly Hospital
4-2-65	Calcutta . . .	5. Clinic of Dr. S. K. Chatterjee, 362, Belilious Road 6. Clinic of Dr. B. N. Chenuchar, 20, Hara-gunj Road, Salkia, Howrah 7. Bengal Medical Hall, 20 Sri Aurbindo Road, Salkia—Approved Chemist 8. Basant Medical Hall—Approved Chemist 9. Pharmaco, 21-Beliaghata Main Road—Approved Chemist 10. Central Optic House—Approved Chemist
5-3-65	Kanpur . . .	1. E. S. I. Hospital, Pandunagar 2. E. S. I. Dispensary, Gwaltoli
9-4-65	Ahmedabad . . .	1. E. S. I. Dispensary, Wodej D-II 2. E. S. I. Dispensary, Dudheswar D-III 3. E. S. I. Dispensary, Ashok Mills—D-IV 4. Clinic of Dr. M. B. Kelshikar, Insurance Medical Practitioner, Jamalpur 5. Clinic of Dr. Amubhai Shukla, Insurance Medical Practitioner, Jamalpur 6. Clinic of Dr. R. K. Nanavati, Insurance Medical Practitioner, Manak Chowk

Date	Place	E. S. I. Installation
		7. P. Chhote Lal Shah and Co.—Approved Chemist
15-4-65	Bombay . . .	1. Diagnostic Centre, Dadar 2. Local Office, E. S. I. Corporation, Dadar. 3. Mahatma Gandhi Memorial Hospital 4. Regional Office, E. S. I., Corporation
24-5-65	Hyderabad . . .	1. E. S. I. Dispensary, Kawadiguda 2. E. S. I. Hospital, Erragudda 3. Regional Office, E. S. I. Corporation
26-5-65	Bangalore . . .	1. E. S. I. Hospital, Rajaji Nagar 2. E. S. I. Dispensary, Cavalry Road 3. I. T. I. Dispensary 4. Local Office, E. S. I. Corporation, Duruaminagar
13-8-65	Delhi . . .	1. E. S. I. Dispensary, Kishanganj 2. E. S. I. Local Office, Kishanganj 3. Tirath Ram Shah Hospital, Civil Lines 4. Employees' State Insurance Corporation, Headquarters Office



सत्यमेव जयते

APPENDIX VIII

(CHAPTER III, PARA 16)

NUMBER OF EMPLOYEES AND FAMILY UNITS COVERED—STATEWISE

State	1952-53	1955-56	1960-61		1965 (as on 31-3-1965)	
	(No. of Emplo- yees	(No. of Emplo- yees	No. of Emplo- yees	No. of family units	No. of Emplo- yees	No. of family (I. P.) Units
1. Andhra Pradesh .	..	30,000	55,850	55,850	77,450	91,000
2. Assam	4,200	4,200	10,250	10,700
3. Bihar	40,950	40,950	55,400	56,000
4. Delhi .	40,000	40,000	61,000	61,000	82,000	98,000
5. Gujarat	2,05,000	2,14,000
6. Kerala	62,800	..	1,23,550	76,550
7. Madhya Pradesh .	..	50,000	75,000	75,000	92,650	1,01,000
8. Madras .	..	86,000	1,81,250	..	2,68,900	68,250
9. Maharash- tra .	..	4,52,000	5,80,500	22,000	7,18,500	8,29,500
10. Mysore	71,200	69,000	1,33,950	1,49,000
11. Orissa	23,000	23,000	24,500	27,300
12. Punjab .	..	30,000	53,500	49,500	1,31,350	1,30,000
13. Rajasthan	28,450	26,650	41,550	45,750
14. Utter Pra- desh .	80,000	97,000	1,51,200	1,46,200	2,35,350	2,55,400
15. West Bengal .	..	2,30,000	2,85,000	..	6,80,000	8,00,000
All India	1,20,000	10,15,000	16,73,900	5,73,350	28,80,400	29,52,450

Source : Annual Reports of the E.S.I. Corporation.

APPENDIX IX

(CHAPTER V, PARA 8)

AMOUNT OF EMPLOYEES' CONTRIBUTION AND EMPLOYERS'
SPECIAL CONTRIBUTIONS RECEIVED DURING THE YEARS
1951-52 TO 1964-65

Year	Employee's contribution	Employers' special contribution
	Rs.	Rs.
1951-52	1,24,109	Nil
1952-53	30,73,643	1,31,40,677
1953-54	34,69,007	1,76,43,594
1954-55	97,26,312	1,87,89,480
1955-56	2,39,61,290	2,25,29,288
1956-57	3,22,02,234	2,59,39,404
1957-58	3,52,35,954	2,83,41,308
1958-59	3,81,11,950	2,90,24,081
1959-60	4,08,09,252	3,18,53,731
1960-61	5,01,07,123	3,73,62,109
1961-62	5,43,20,024	4,01,53,612
1962-63	6,01,62,840	6,53,66,265
1963-64	6,64,13,980	8,10,90,051
1964-65	8,87,93,177	9,96,74,412
TOTAL .	50,65,17,495	51,09,08,012

APPENDIX X

(CHAPTER VIII, PARA 10)

SYSTEM OF MEDICAL CARE STATE-WISE (AS ON 31-3-1965)

State	System of medical care			
	Panel only	Panel and Service	Service only	
1	2	3	4	
Andhra Pradesh	..	..	Throughout the State (77,450)	
Assam	..	..	Throughout the State (10,250)	
Bihar	..	..	Throughout the State (55,400)	
Delhi	..	..	Throughout the State (82,000)	
Gujarat	..	..	..
Kerala	Perumbavoor (1,900)	Ahmedabad (2,05,000)	Rest of the State (1,21,650)	
Madhya Pradesh	..	..	Throughout the State (92,650)	
Madras	..	Coimbatore (72,000)	Rest of the State (1,96,900)	
Maharashtra	Greater Bombay (6,57,500)	Sholapur (26,000)	Nagpur, Akola and Hinganghat (35,000)	
Mysore	Mangalore (15,250)	..	Rest of the State (1,18,700)	
Orissa	..	..	Throughout the State (24,500)	
Punjab	Ambala, Amritsar, Verka, Chheharta, Kharsa, Batala, Yamuna Nagar, Jullundur, Ludhiana and Suburbs, Surajpur, Pinjore (69,200)	..	Rest of the State (62,150)	
Rajasthan	..	..	Throughout the State (41,550)	
Uttar Pradesh	..	..	Throughout the State (2,35,350)	
West Bengal	Calcutta, Howrah and 24-Parganas (6,80,000)	..	..
Total Number of employees under different systems as on 31-3-65	14,23,850	3,03,000	11,53,550	

NOTE.—The figures in bracket show the number of employees as on 31-3-1965.

APPENDIX XI

(CHAPTER VIII, PARA 19)

PROGRESS OF EXTENSION OF MEDICAL CARE TO FAMILIES OF THE INSURED PENSION—YEARWISE
AND STATEWISE

(In thousands)

S. No.	State	1959-60		1960-61		1961-62		1962-63		1963-64		1964-65		Centres where medical care has not yet been extended to families (as on 31-3-1965)
		No. of Insured Persons	No. of family Insured Persons (IP) units	No. of Insured Persons	No. of family Insured Persons (IP) units	No. of Insured Persons (I.P.) units	No. of family Insured Persons (IP) units	No. of Insured Persons (IP) units	No. of family Insured Persons (IP) units	No. of Insured Persons (IP) units	No. of family Insured Persons (IP) units	No. of Insured Persons (IP) units	No. of family Insured Persons (IP) units	
1	Andhra Pradesh	48	40	61	56	69	65	73	71	84	82	91	91	..
2	Assam	4	4	5	4	5	5	6	6	10	10	11	11	..
3	Bihar	28	17	41	41	43	43	48	44	55	55	56	56	..
4	Delhi	66	56	70	61	70	70	80	80	89	89	98	98	..
5	Gujarat	..	..	..	..	..	..	..	..	..	..	214	214	..
6	Kerala	52	..	67	..	79	3	80	13	116	41	131	77	Adichanallore, Adoor, Balia-pattam, Chalakudy, Chathan-noor, Ezham-kulam, Kallet-tumkara, Kal-luvathukal, Karuvannur, Kottarakara, Kundara, Perumbavoor, Poo-yapally, Thri-kovilvattam, Udyogmanadal and Vettikkavala.

7	Madhya Pradesh	80	72	89	75	101	99	101	101	95	101	101	..
8	Madras	180	..	195	..	230	45	250	51	262	286	68	Coinbatore and its suburbs, Madurai and its outskirts, Mettur, Tuticorin, Vickramasingapuram and Madras and its suburbs.
9	Maharashtra	..	..	675	22	725	725	763	763	813	830	830	..
10	Mysore	66	57	72	69	92	79	105	103	122	149	149	..
11	Orissa	23	..	23	23	25	25	23	23	25	27	27	..
12	Punjab	47	40	69	49	96	76	115	115	119	145	130	..
13	Rajasthan	30	23	37	27	44	44	54	54	42	46	46	..
14	Uttar Pradesh	165	139	207	146	240	236	262	256	230	268	255	..
15	West Bengal	300	..	324	..	345	..	375	375	647	800	800	..
	All India	1,714	448	1,935	573	2,164	1,515	2,335	2,055	2,718	3,253	2,953	

APPENDIX
(CHAPTER X,
PROGRESS OF THE CONSTRUCTION OF E. S. I.

State	E.S.I. hospitals/annexes/ wards under commission				E.S.I. hospitals/annexes/wards under construction			
	Place	Hosp./ Annexes/ Wards	Beds		Place	Hospitals/ Annexes/ Wards	Beds	
			Genl.	T.B.			Genl.	T.B.
Andhra Pradesh	Hyderabad	Hosp. Annex.	*150 32	24	Visakha- patnam Vijayawada	Hospital ,,	85 50	25 ..
	Kagaznagar	Hosp.	@30	..	Warrangal	,,	50	..
Assam								
Bihar	Monghyr	Hosp.	30	..	Ranchi	Annexe Hospital ,,	..	20
					Dalmia- nagar Kumardhubi		..	50
							100	..
Delhi	Delhi	Annexe	50	30		..		
Gujarat		..			Ahmedabad	Hospital	..	200
Kerala	Pulaynar- kottah	Annexe	..	24	Paripally	..	..	100
					Quilon (Asramam)	..	100	..
					Mulan Kunna- thukava	..	..	100
					Alleppey	..	55	..
					Udyogmandal	..	120	..
					Trichur	..	60	..
					Peroorkada	..	50	..
					Kottayam	..	50	..
Madhya Pradesh		..			Indore	..	225	75
					Ujjain	..	34	16
Madras	Coimbatore	Annexe	59	25	Coimbatore	Hospital	475	25
	Madras	*Hospital	176	24	Madurai	..	202	..
		Annexe	..	52	Koilpatti	Ward	32	..
	Rajapalayam	..	12	..				
	Dalmiapuram	..	10	..				
	Lalgudi	Ward	10	..				
Maharashtra	Bombay	Hosp.	642	..		..
	Worli Nagpur	Annexe	..	120 25				
Mysore	Bangalore	£Hospital Annexe	152 ..	18 32	Dandeli	Hospital	24	..
Orissa	Choudwar	Hospital	50	12		..		
Punjab	Amritsar	Annexe	..	12	Amritsar	Hospital	125	..
	Dharampur	Ward	..	12	Ludhiana	..	80	..

XIII

PARA 28)

HOSPITALS/ANNEXES/WARDS (AS ON 31-3-1965)

Proposed E.S.I. hospitals/annexes/wards for which plans estimates have been sanctioned				E.S.I. hospitals/annexes/wards for which plans are under preparation/examination				REMARKS
Place	Hospitals/Annexes/Wards	Beds		Place	Hospitals/Annexes/Wards	Beds		
		Genl.	T.B.			Genl.	T.B.	
	..			Hyderabad	Hospital	100	..	*Beds strength is to be raised to 210.
				Adoni	..	50	..	
				Rajahmundry	..	50	..	
	..			Gauhati	Hospital	20	..	@Bed strength is to be raised to 110 beds including 40 T.B. beds.
	..			Tilayadam Kanti	..	100	..	
Delhi	Hospital	620	304	..	..	..	..
	..			Ahmedabad	Hospital	500	..	
Cheruvannur	..	50	..	Kundara	..	100	..	
Burhanpur	Ward	15	..	Ratlam	Hospital	55	..	
Jabalpur	..	20	..	Raipur	..	75	..	
Bhopal	..	20	..	Rajnandgaon	Ward	15	..	
Nagda	..	15	..	Gwalior	Hospital	50	25	
				Ratlam	Ward	15	..	
Madras (South)	Ward	245	25	Tlioppur	Hospital/Sanitorium	..	156	
Nagarcoil	..	..	26	Salem	Hospital	50	..	*Additional construction to raise the number of beds to 500 is nearing completion.
Nagpur	Hospital	150	..	Muland Aundh	Hospital	600	..	
	..			Mangalore	Hospital	100	..	£Construction of additional 130 beds completed.
Yumananagar	Hospital	60	..	Amritsar	Hospital	100	..	
Jullundur	..	60	..	(Chest diseases)	..	80	..	
Faridabad	..	60	..	Ludhiana	..	..	..
	Ward	..	12	(Chest disease)	..	80	..	
				Rohtak	..	80	..	
				Patiala	..	..	100	
				Chandigarh	..	80	..	
				(Chest diseases)	..	..	..

APPENDIX
(CHAPTER X,
PROGRESS OF THE CONSTRUCTION OF E. S. I.

State	E.S.I. hospitals/annexes/ wards under commission			E.S.I. hospitals/annexes/wards under construction			
	Place	Hospitals/ Annexes/ Wards	Beds	Place	Hospitals/ Annexes/ Wards	Beds	
			Genl. T.B.			genl.	T.B.
Rajasthan	Jaipur	Annexe	..	15 Pali	Ward	12	..
				Bhilwara	..	12	..
				Jodhpur	..	20	..
				Udaipur	Annexe	..	16
Uttar Pradesh	Kanpur	Hospital	&112	Kanpur	Hospital	144	..
					(women & children)		
				Kanpur	Hospital	180	..
				Modinagar	Hospital (chest diseases)	100	..
West Bengal	Kumarhatti Sealdah	Hospital	100	Bally	Hospital	100	..
			100	Uluberia	..	150	..
				Serampur	..	150	..
				Baltikuri	..	300	..
				Kalyani	..	250	..



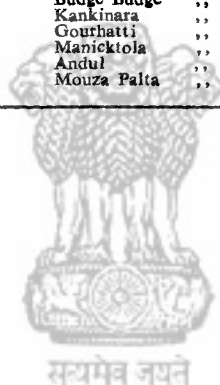
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XIII---contd.

PARA 28)

HOSPITALS/ANNEXES/WARDS (AS ON 31-3-1965)

Proposed E.S.I. hospitals/annexes/wards for which plans estimates have been sanctioned			E.S.I. hospitals/annexes/wards for which plans are under preparation/examination			REMARKS
Place	Hospitals/Annexes/Wards	Beds Genl. T.B.	Place	Hospitals/Annexes/Wards	Beds Genl. T.B.	
			Jaipur Beawar	Hospital ,,	100 NA ..	
			Lucknow Hathras	Ward ,,	50 .. 10	& Additional construction for 100 beds near completion.
			Kanchanpura	Hospital	250 ..	
			Bandal	,,	150 ..	
			Dum Dum	,,	100 ..	
			Budge Budge	,,	300 ..	
			Kankinara	,,	250 ..	
			Gourhatti	,,	150 ..	
			Manicktola	,,	400 ..	
			Andul	,,	68 ..	
			Mouza Palta	,,	131 ..	



(CHAPTER XV, PARA 6)

CHART SHOWING THE ADMINISTRATIVE SET UP OF THE HEADQUARTERS OFFICE OF THE EMPLOYEES STATE INSURANCE CORPORATION

